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March 3, 2005
Basel, Switzerland

News release

Ciba Specialty Chemicals Annual General Meeting 2005

- **Payout to shareholders of 3 CHF per share through reduction in nominal share value of CHF 2 and a dividend of CHF 1**
- **Capital reduction through cancellation of 1,762,000 shares approved**
- **With long-term strategy, Ciba Specialty Chemicals is well positioned for future**
- **Consistent focus on customer and consumer needs**

At the eighth Annual General Meeting of March 3, 2005, in Basel, Switzerland, the shareholders of Ciba Specialty Chemicals Holding Inc. approved all the motions proposed by the Board of Directors. The 1392 shareholders present represented 15,103,818 of the votes, or 21.33 percent of the 70,826,617 registered shares.

The Annual General Meeting approved the proposal by the Board of Directors for a renewed high payout of CHF 3 per share. The repayment of the reduction in nominal value of CHF 2 per share, a tax attractive form of payment, is planned for May 18, 2005. Additionally, the dividend CHF 1 will be paid out already on March 8, 2005.

The cancellation of 1,762,000 shares, which will enhance share value, also met with the approval of the shareholders. The nominal share capital required to have an item put on the agenda will be reduced to reflect the lower nominal share value so that 100,000 shares are again sufficient to have an item put on the agenda. Furthermore, Ernst & Young AG, Zurich, was confirmed as auditor and group auditor.

Presidential Address from Armin Meyer

Armin Meyer, Chairman of the Board and Chief Executive Officer of Ciba Specialty Chemicals, referred in his address to the annual results and the Company strategy: "Overall, Ciba Specialty Chemicals achieved a solid performance in a demanding environment. We took a number of major decisions. They include the acquisition of Raisio Chemicals and the introduction of Project Shape.

We were able to increase sales and profitability of the Company despite the demanding competitive environment and strong negative currency impacts. Our balance sheet remains strong even after acquisitions carried out in 2004 and the share buy-back carried out on the second trading line. We have successfully faced a variety of challenges and are well positioned for the future."

Armin Meyer identified as current challenges the increase in raw material costs that will be countered in particular by increases in the product prices; currency effects that can be countered in the short term through a global purchasing policy and hedging; and achieving sales growth in traditional markets that will be addressed through targeted projects.

As far as long-term strategy is concerned, innovation is right at the top of the list. "Being able to bring innovative products to market swiftly and continuously is crucial for profitable growth and international competitiveness," said Meyer. Another strategic initiative was to offer integrated solutions and services alongside products.

A consistent focus on the needs of customers and consumers, a long-term balance between sales and costs in each global region, persistent excellence in operations performance and sustainability in terms of responsibility toward the environment and society are also integral elements of the Company strategy.

"With our solid balance sheet, clear operational priorities and long-term, well-planned strategy, Ciba is well positioned for the future," said Armin Meyer in the close of his speech to the shareholder meeting.

Focus on the customer – Keeping our eyes on the consumer

Hermann Angerer, Global Head of the segment Coating Effects and member of the Executive Committee, went further into the theme of focusing on the needs of customers and consumers. He underlined the importance of understanding and working with the whole value chain down to the end-user. One example is the collaboration with car manufacturers, even if it is only their suppliers who are actually customers of Ciba Specialty Chemicals. Specific consumer needs such as freshness guarantees indicate the direction towards new style packaging with temperature sensors. In order to recognize the trends early enough and to support customers in applying them, Ciba works together with, amongst others, consultancies for color trends.

In his conclusion Hermann Angerer noted "It's a question of being familiar with the dynamics of the marketplace – right through to the consumer. We need to envision the future and interpret trends correctly. This is the only effective way to target advice to our customers, and ensure our shared success in the long term. "

Ciba Specialty Chemicals (SWX: CIBN, NYSE: CSB) is a leading global company dedicated to producing high-value effects for its customers' products. We strive to be the partner of choice for our customers, offering them innovative products and one-stop expert service. We create effects that improve the quality of life – adding performance, protection, color and strength to textiles, plastics, paper, automobiles, buildings, home and personal care products and much more.

Ciba Specialty Chemicals is active in more than 120 countries around the world and is committed to be a leader in its chosen markets. In 2004, the Company generated sales of 7 billion Swiss francs and invested 288 million Swiss francs in R&D.

Virtual news kit: www.cibasc.com/media

- Press release
- Presidential address 2005 from Armin Meyer, Chairman of the Board and CEO (pdf); slide presentation (pdf)
- Presentation " Keeping the customer in focus – Keeping our eyes on the consumer", Hermann Angerer, Global Head, Coating Effects and member of the Executive Committee (pdf); slide presentation (pdf)
- Photo: Special effects for packaging for home and personal care products is a growth area for Ciba Specialty Chemicals

Financial calendar

- *March 8, 2005: Expected dividend payment date*
- *April 21, 2005: First Quarter 2005 financial results*
- *May 18, 2005: Expected payment from capital reduction*
- *August 18, 2005: Half Year 2005 financial results*
- *November 2, 2005: Nine Month 2005 financial results*

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Forward-looking statements

Forward-looking statements and information contained in this News Release are qualified in their entirety as there are certain important factors that could cause results to differ materially from those anticipated. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as "believe", "expect", "may", "are expected to", "will", "will continue", "should", "would be", "seek" or "anticipate" or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. Such statements reflect the current views and estimates of the Company with respect to market conditions and future events and are subject to certain risks, uncertainties and assumptions. Investors are cautioned that all forward-looking statements involve risks and uncertainty. In addition to the factors discussed above, among the factors that could cause actual results to differ materially are the following: the timing and strength of new product offerings, pricing strategies of competitors, introduction of competing products by other companies, lack of acceptance of new products and services by the Company's targeted customers, changes in the Company's business strategy, the Company's ability to continue to receive adequate raw materials from its suppliers on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs, and changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis and various other factors. Furthermore, the Company does not assume any obligation to update these forward-looking statements.