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March 2, 2006
Basel, Switzerland

News release

Ciba Specialty Chemicals Annual General Meeting 2006

- **Large majority for dividend of 3 CHF per share**
- **Beat Hess elected new member of Board**
- **Strategic focus on core businesses**
- **Operational priorities in innovation, marketing and production**

At the ninth Annual General Meeting of March 2, 2006, in the Congress Center Basel (Switzerland), the shareholders of Ciba Specialty Chemicals Holding Inc. approved all the motions proposed by the Board of Directors. The 1,416 shareholders present represented 16,657,636 of the votes, or 24.1 percent of the 69,064,617 registered shares.

The Annual General Meeting approved by a large majority the proposal by the Board of Directors for a dividend of CHF 3 per share. The shareholders also approved the discharge of the Board of Directors and the management from liability for their activities in 2005 with 16,010,629 votes in favor, 322,785 votes against and 173,289 abstentions.

With a large majority, the Annual General Meeting elected Beat Hess as a new non-executive director to the Board. Beat Hess (56, Swiss) is Group Legal Director for Royal Dutch Shell plc. and brings with him substantial experience in international leadership positions. His expertise will strengthen the Board in the areas of law, public affairs and corporate governance.

In accord with the Board's proposals, Jean-Marie Lehn and Peter Littmann were reelected as members of the Board for terms of three and four years, respectively.

Shareholders also approved the recreation of an authorized capital of CHF 4 million. Furthermore, the Annual General Meeting confirmed Ernst & Young AG, Zurich, as auditor and group auditor and OBT AG, Zurich, as special auditor.

Presidential address by Armin Meyer

In his address, Armin Meyer, Chairman of the Board and Chief Executive Officer of Ciba Specialty Chemicals, explained the definitive agreement to sell the textile business, the 2005 financial results and the company strategy.

"2005 was the most challenging year in the history of Ciba Specialty Chemicals," said Armin Meyer. He pointed in particular to sharply rising raw material costs. Despite the difficult conditions, the company was able to limit the decline in operating margins in

the financial year 2005 by means of price increases and cost reduction measures. According to Meyer, the definitive agreement for the sale of the textile business to Huntsman is the best solution for the textile business and its employees as well as for Ciba as a company. Meyer said: "The sale will create conditions favorable to the rapid implementation of our strategic focus on the core businesses Plastic Additives, Coating Effects and Water & Paper Treatment."

In the second part of his address, Meyer presented the company's main strategic directions. First, its leading position in products for the plastics and coatings industries will be extended and partnerships in these areas strengthened. Its leadership in paper chemicals and strong position in water treatment will be further developed, with the goal of markedly improving profitability. Finally, Ciba Specialty Chemicals will take greater advantage of opportunities in niche markets such as electronics, lubricants, personal care and others.

"With our technological strengths, our global presence in growth markets and especially the expertise of our employees, I am confident that we will make further progress this year in what will remain a challenging environment," concluded Armin Meyer.

Operational priorities: innovation, marketing and production

Brendan Cummins, Chief Operating Officer of Ciba Specialty Chemicals, outlined the company's operational priorities for 2006 and the years following. The creation of value will be optimized through focused management of every phase of the product life cycle, thus ensuring that the company can also make money in semi-specialties. Here the focus on innovation, operational excellence and appropriate service levels will be decisive. The company's orientation toward customer trends is to be strengthened in research and development, where resources will be concentrated on fewer, but more promising, projects.

In marketing, Ciba Specialty Chemicals will segment its customers in a more differentiated way, according to Cummins, and will closely align its customer offering to what is paid for it. Moreover, focused actions will increase the efficiency of the global production network. Finally, Cummins pointed to the ongoing harmonization of business processes within a standard company-wide system using new software. Cummins said: "With the priorities outlined and our dedicated and hardworking people, we will make the difference."

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 2005, the Company generated sales of CHF 7.4 billion and invested over CHF 300 million in R&D.

Virtual news kit: www.cibasc.com/media

- Press release
- Presidential address 2006 by Armin Meyer, Chairman of the Board and CEO (pdf); slide presentation (pdf)
- Presentation by Brendan Cummins, Chief Operating Officer (pdf); slide presentation (pdf)
- Curriculum vitae: Beat Hess (pdf)
- Photo: Ciba Specialty Chemicals

Financial calendar

- *March 8, 2006: Expected dividend payment date*
- *April 27, 2006: First Quarter 2006 financial results*
- *August 17, 2006: Half Year 2006 financial results*
- *October 26, 2006: Nine Month 2006 financial results*

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Forward-looking statements

Forward-looking statements and information contained in this announcement 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.