



Ciba Inc.
November 6, 2007
Basel, Switzerland

News Release: nine month results to September 30, 2007

Ciba reports continued progress over nine months

- **Sales up 3 percent in Swiss francs**
- **Operating income up 2 percent, despite substantially increased raw material costs**
- **Water & Paper Treatment with steady profitability improvement**
- **Operational Agenda reducing cost base**
- **Net income impacted by exceptional non-cash tax charge**

Financial highlights (in millions of Swiss francs, except per share data and percentages)

Nine month to nine month comparison - continuing operations (unaudited)

	Excluding restructuring ^(a) & one-time tax item ^(c)				Including restructuring & one-time tax item		
	2007	2006	Change in %		2007	2006	Change in %
Nine months ended September 30,			CHF	LC ^(b)			CHF
Net sales	4 946	4 805	+3	+2			
Gross profit	1 431	1 419	+1				
Operating income (EBIT)	423	414	+2		330	365	-10
Operating income (EBIT) margin ^(d)	8.6%	8.6%					
Income from continuing operations	240	211	+14		161	178	-10
Earnings per share from continuing operations ^(e)	3.58	3.20	+12		2.39	2.70	-11

Nine month to nine month comparison including discontinued operations, restructuring & one-time tax item (unaudited)

Nine months ended September 30,	2007	2006
Income from continuing operations	161	178
Loss from discontinued operations, net of tax ^(b)	(8)	(303)
Net income (loss)	153	(125)
Net income (loss) per share ^(e)	2.27	(1.90)

In addition, please see [consolidated financial highlights](#) and [notes to news release](#) at the end of this document.

Armin Meyer, Chairman of the Board and CEO, comments: "We have made further progress with an upward trend in sales growth and improvements in our cost structure. We are expecting our full year operating income margin to be higher than in 2006, however we do not expect it to reach the targeted improvement of around 1 percent."

Brendan Cummins, Chief Operating Officer comments: "The Operational Agenda program is making good progress in the streamlining and simplifying of our

operations, and with the reduction of the cost base. The high levels of raw material costs are being counteracted with selective sales price increases and further product pruning to strengthen the portfolio.”

Nine Month Overview

Sales 3 percent higher

Sales for the nine month period were CHF 4,946 million, 3 percent higher in Swiss francs and 2 percent in local currencies. Asia remained strong with a 6 percent increase in sales in local currencies and double digit growth in China. NAFTA was weaker in the nine months as a result of the slow automotive and construction industries, but the Company managed to improve sales considerably in the third quarter. Central and South America showed substantial growth in the nine months. Overall, the Americas were relatively flat - less than 1 percent lower in local currencies. Nine month sales for Europe were mixed, with good growth in Germany and Eastern Europe. European sales overall increased by 1 percent in local currencies.

There was a positive currency impact of 1 percent in the nine month period, with a stronger euro and pound offsetting the weaker dollar. Sales prices, including newly launched products were 2 percent higher. These included effect pigments and new generations of light stabilizers and flame retardants, which made significant new product contributions. Sales prices of products that have been in the market for more than a year were 1 percent lower than the nine month period in 2006. This price decrease reflects a natural price decline in the older parts of the product portfolio, where products come off patent and the margin strategy becomes more cost and efficiency driven. Volumes were 3 percent higher. Raw material costs for the nine months increased approximately 2.5 percent over the same period in 2006.

Profitability improved despite high raw material costs

Gross profit improved 1 percent to CHF 1,431 million over the nine month period in 2006. Gross profit margin was 28.9 percent (2006: 29.5 percent).

Operating income (EBIT) before restructuring was CHF 423 million, an increase of 2 percent over the nine month period in 2006 (2006: CHF 414 million) and as a percentage of sales reached 8.6 percent (2006: 8.6 percent). The Company continues to withdraw from low margin product ranges in order to further strengthen margins.

Profitability in Plastic Additives remains high and the actions taken in Water & Paper Treatment are delivering good results. Coating Effects, however, continues to be faced with the impact of the slowdown in the automotive and construction sectors in NAFTA. Overall, margin development is being affected by exceptionally high raw material costs and while there is action being taken with firm cost management and sales price increases, there is always a time lag before the increased costs can be recouped.

Income from continuing operations for the nine months, excluding restructuring charges and a one-time tax item, was CHF 240 million, 14 percent higher than 2006 (2006: CHF 211 million). Including restructuring and the one-time CHF 15 million non-cash tax charge, which related to changes in tax legislation, mostly in Germany, income from continuing operations was CHF 161 million (2006: CHF 178 million).

In 2006, the Textile Effects and Masterbatch businesses were divested and the associated results are reported under discontinued operations. Including discontinued operations, net income for the nine months increased to CHF 153 million (2006: net loss CHF 125 million).

Third quarter overview

3rd quarter to 3rd quarter comparison - continuing operations (unaudited)

Three months ended September 30,	<i>Excluding restructuring ^(a) & one-time tax item ^(f)</i>				<i>Including restructuring & one-time tax item</i>		
	2007	2006	Change in %		2007	2006	Change in %
			CHF	LC ^(b)			
Net sales	1 638	1 569	+4	+3			
Gross profit	471	464	+2				
Operating income (EBIT)	150	154	-2		122	138	-11
Operating income (EBIT) margin ^(d)	9.2%	9.8%					
Income from continuing operations	85	93	-8		51	82	-39
Earnings per share from continuing operations ^(e)	1.28	1.42	-10		0.75	1.25	-40

3rd quarter to 3rd quarter comparison including discontinued operations, restructuring & one-time tax item (unaudited)

Three months ended September 30,	2007	2006
Income from continuing operations	51	82
Loss from discontinued operations, net of tax ^(c)	(1)	(5)
Net income	50	77
Net income per share ^(e)	0.74	1.16

Sales in the third quarter increased 4 percent in Swiss francs and 3 percent in local currencies to CHF 1,638 million (2006: CHF 1,569 million). Asia continued its steady growth trend of 6 percent in local currencies, driven by China, while Europe remained on the same level as the third quarter of 2006. The Americas showed good growth in the third quarter of 4 percent in local currencies. This was mainly the result of a successful reversal of the sales trend in NAFTA. Sales in Central and South America were also strong, with continued growth in the third quarter.

Gross profit increased 2 percent to CHF 471 million in the third quarter. Gross profit margin for the third quarter was 28.8 percent (2006: 29.5 percent).

Operating income before restructuring was CHF 150 million (2006: CHF 154 million). As a percentage of sales, this resulted in an operating income margin of 9.2 percent, which reflects a continuous improvement quarter by quarter in 2007 (Q1: 8.1 percent; Q2: 8.4 percent; Q3: 9.2 percent), compared with a strong third quarter in 2006 of 9.8 percent. Savings from the Operational Agenda came in as expected. Raw material costs eased slightly in the third quarter, although remained at high levels.

For the third quarter of 2007, before restructuring and the CHF 15 million one-time tax charge, income from continuing operations was CHF 85 million (2006: CHF 93 million). Including discontinued operations net income was CHF 50 million (2006: CHF 77 million).

The impact on net income of the exceptional tax item in the third quarter will be more than compensated in the fourth quarter by the release of a CHF 30 million tax provision in discontinued operations, following the settlement in October of a case relating to the sale of a business in 2000.

Operational Agenda program well on track

The Operational Agenda program, which was launched in 2006 to drive growth and improve the Company's cost structure by CHF 400-500 million by 2009, is well on track and savings are coming through as expected. The program comprises a number of initiatives in key areas including innovation, marketing and sales, lean manufacturing, a new company-wide SAP system and the streamlining of operations worldwide. It also involves the reduction of 2,500 positions by the end of 2009. Approximately 850 positions have been reduced since the beginning of 2006.

In the nine month period, CHF 93 million of restructuring costs were incurred for the Operational Agenda, CHF 28 million in the third quarter. For the full year 2007, the Company expects to incur around CHF 100 million of restructuring charges relating to the Operational Agenda and achieve CHF 60-70 million of savings.

New Head of Coating Effects Segment appointed

The Board of Directors of Ciba has appointed Thomas Engelhardt (German, 47) as the new Head of the Coating Effects Segment and as a member of the Group Executive Committee. On January 1, 2008, he will succeed Hermann Angerer (60), who will retire in the first quarter of 2008.

Thomas Engelhardt is currently the Global Head of the Process & Lubricant Additives Business Line and is responsible for Plastic Additives in NAFTA. He holds a PhD in Physical Chemistry and has worked in a number of leadership positions at Ciba over the last 20 years, in Switzerland, Germany, Japan and the US. Engelhardt brings broad experience in research and development, production, as well as in marketing and sales.

Armin Meyer comments: "I would like to welcome Thomas Engelhardt to our executive leadership team and wish him success in his new position. On behalf of the Board of Directors and the Executive Committee, I would also like to thank Hermann Angerer for his valuable contribution throughout his 26-year career with Ciba. We wish him all the best for the future."

Segment Overview

Plastic Additives

Sales for the nine months were 2 percent higher in Swiss francs at CHF 1,623 million, with strong growth coming from the lubricant additives and personal care businesses. The polymer businesses also performed well - in line with 2006. The discontinuation of the Atmer product range in the second quarter is now being offset by an acceleration in demand for polymer stabilizers. Operating income before restructuring increased 5 percent over the period to a margin of 15.0 percent (2006: 14.7 percent), with efficiency initiatives delivering good improvements and an increase in the proportion of contribution from newer products. The new antioxidant plant in Singapore is on track to begin production in March 2008 and as a result, will strengthen the Company's cost leadership position in this market.

Coating Effects

Coating Effects sales increased 1 percent to CHF 1,400 million in the nine month period, with good growth in the plastics and digital printing businesses. Sales growth

was strong in Asia and most European markets. In NAFTA, the slowing automotive and construction industries negatively impacted sales in the coating additives and pigments areas. The operating income margin before restructuring of 13.0 percent (2006: 13.9 percent) was impacted by this weakening in NAFTA, as well as the slowing of the inks business and the lower margins in the electronic materials business, where product life cycles are shorter. There was a significant new product contribution from the digital printing and effect pigments businesses.

Water & Paper Treatment

Water & Paper Treatment sales increased 5 percent in Swiss francs to CHF 1,923 million, with strong growth in all regions, particularly Asia. The actions taken to restore profitability in the paper chemicals business drove a significant increase in operating income margin to 4.2 percent (2006: 3.2 percent). The improvement trend continued in all quarters in 2007, with a third quarter margin before restructuring of 5.4 percent (Q1: 2.4 percent; Q2: 4.7 percent). The restructuring of the paper chemicals business is well underway and the new business model, segmenting the different stages of the paper making process, is proving effective. Demand continued to grow in Asia, where the segment's specialty paper chemicals facilitate improved speed of paper production for the state-of-the-art machines in the region and are thereby of considerable value to customers. The European and NAFTA markets remained relatively flat. The Water Treatment business developed well during the period, especially in the mining sector where the Company is a market leader in water management for the extractive industries.

Outlook

With no change in business conditions for the remainder of 2007, sales for the full year are expected to increase over 2006 levels in local currencies. Operating income margin before restructuring is also expected to increase over 2006 levels, however, based on the current business environment with exceptionally high raw material costs, the Company does not expect to reach the targeted improvement of around 1 percent. Net income in Swiss francs, as well as free cash flow are both expected to be above 2006 levels.

Ciba (SWX: CIBN) 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 plastics, paper, automobiles, buildings, home and personal care products and much more. Ciba is active in more than 120 countries around the world and is committed to be a leader in its chosen markets. In 2006, the Company's continued operations generated sales of CHF 6.4 billion and invested CHF 270 million in R&D.

Virtual news kit: www.ciba.com/media

- ***News release in full***
- ***Photos Ciba***

Financial calendar

- ***February 8, 2008: full year 2007 financial results***
- ***March 7, 2008: Annual General Meeting***
- ***March 12, 2008: expected dividend payment date***
- ***April 29, 2008: first quarter 2008 financial results***
- ***August 21, 2008: half year 2008 financial results***
- ***November 5, 2008: nine month 2008 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.

Ciba nine month report 2007

Consolidated financial highlights (unaudited)

(in millions of Swiss francs, except per share data)

Statements of income	Excluding restructuring^(b) & one-time tax item^(f)		Including restructuring & one-time tax item	
	2007	2006	2007	2006
Nine months ended September 30,				
Net sales	4 946	4 805	4 946	4 805
Gross profit	1 431	1 419	1 431	1 419
Restructuring, impairment and other charges ^(b)			(93)	(49)
Operating income (EBIT)	423	414	330	365
Financial income (expense), net	(88)	(123)	(88)	(123)
Income from continuing operations before income taxes and minority interest	335	291	242	242
Provision for income taxes	(90)	(77)	(76)	(61)
Minority interest	(5)	(3)	(5)	(3)
Income from continuing operations	240	211	161	178
Earnings per share from continuing operations^(e)	3.58	3.20	2.39	2.70
Loss from discontinued operations, net of tax ^(c)			(8)	(303)
Loss per share from discontinued operations ^(e)			(0.12)	(4.60)
Net income (loss)			153	(125)
Net income (loss) per share^(e)			2.27	(1.90)

Restructuring & one-time tax item affecting results	Nine months ended September 30,		Three months ended September 30,	
	2007	2006	2007	2006
Restructuring, impairment and other charges, net of tax ^(b)	64	33	19	11
Effect of tax rate changes ^(f)	15	0	15	0
Total	79	33	34	11
Impact on earnings per share ^(e)	1.19	0.50	0.53	0.17

Condensed business segment data (unaudited)

(in millions of Swiss francs, except percentages)

Nine months ended September 30,	2007	2006	Change in %		Nine months ended September 30,	2007	2006
			CHF	LC ^(a)			
Net sales					Depreciation and amortization		
Plastic Additives	1 623	1 585	+2	+2	Plastic Additives	72	74
Coating Effects	1 400	1 380	+1	+1	Coating Effects	82	79
Water & Paper Treatment	1 923	1 840	+5	+2	Water & Paper Treatment	111	112
Total	4 946	4 805	+3	+2	Corporate	1	4
Operating income (EBIT) before restructuring charges					Operating income (EBIT) margin^(d) before restructuring charges		
Plastic Additives	243	232	+5		Plastic Additives	15.0%	14.7%
Coating Effects	182	192	-5		Coating Effects	13.0%	13.9%
Water & Paper Treatment	80	59	+36		Water & Paper Treatment	4.2%	3.2%
Corporate and other expenses	(82)	(69)			Total	8.6%	8.6%
Total	423	414	+2				

Exchange rates of principal currencies to CHF (unaudited)

			Statement of income		Balance sheet	
			average rates		period-end rates	
			Nine months ended September 30,		Sep. 30,	Dec. 31,
			2007	2006	2007	2006
1	U.S. dollar	(USD)	1.22	1.26	1.17	1.21
1	British pound	(GBP)	2.42	2.29	2.36	2.38
1	Euro	(EUR)	1.64	1.57	1.65	1.60
100	Japanese yen	(JPY)	1.02	1.09	1.02	1.03

			Three months ended September 30,		Sep. 30,	Dec. 31,
			2007	2006	2007	2006
1	U.S. dollar	(USD)	1.20	1.24	1.17	1.21
1	British pound	(GBP)	2.42	2.32	2.36	2.38
1	Euro	(EUR)	1.65	1.58	1.65	1.60
100	Japanese yen	(JPY)	1.02	1.06	1.02	1.03

Notes to news release:

- (a) Change in percent in local currencies (LC) reflects the percent change in (i) 2007 results, as adjusted to remove the effects of fluctuations in foreign currency rates as compared to 2006 and (ii) 2006 results, as reported.
- (b) Restructuring refers to restructuring, impairment and other charges incurred in connection with the Operational Agenda and Project Shape, each of which is described in the Company's 2006 annual report. The charges that are not allocated to the segments because they apply principally to the Company as a whole are included in Corporate. For the nine months ended September 30, 2007, restructuring, impairment and other charges net of taxes of CHF 29 million would be CHF 64 million and for 2006 the amount net of taxes of CHF 16 million would be CHF 33 million. For the three months ended September 30, 2007, restructuring, impairment and other charges net of taxes of CHF 9 million would be CHF 19 million and for 2006 the amount net of taxes of CHF 5 million would be CHF 11 million.
- (c) Loss from discontinued operations, net of tax, in 2007 consists of costs incurred by the Company attributable to the Textile Effects and Masterbatch businesses that were disposed of in June 2006 and November 2006, respectively. Loss from discontinued operations, net of tax, in 2006 consists of the results of operations, net of tax, of the Textile Effects and Masterbatch businesses as well as CHF 2 million of costs attributable to the Performance Polymers business that was divested in 2000.
- (d) Operating income margin is operating income expressed as a percentage of net sales.
- (e) Earnings per share, basic and diluted
- (f) During third quarter 2007, certain tax jurisdictions in which the Company operates enacted legislation to decrease tax rates effective in 2008. These new tax rates resulted in a CHF 15 million net increase in income tax expense, mostly in Germany. This increased the Company's effective income tax rate by 6% to 31% for the nine months ended September 30, 2007 and by 17% to 42% for the three months ended September 30, 2007.