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 Basel, Switzerland

News Release

Ciba reports weaker than expected start to 2008

- *Adverse raw material and currency impact*
- *Temporary production issues in Plastic Additives*
- *Profitability restored to high levels in Coating Effects*
- *Turnaround in Water & Paper Treatment making good progress*
- *Slowdown impacting NAFTA and Europe – Asia showing resilience*

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

1 st quarter to 1 st quarter comparisons (unaudited)	Excluding restructuring ^(a)				Including restructuring		
	2008	2007	Change in %		2008	2007	Change in %
			CHF	LC ^(b)			
Three months ended March 31,							
Net sales	1 557	1 659	-6	-1			
Gross profit	438	476	-8				
Operating income (EBIT)	107	134	-20		89	131	-32
Operating income (EBIT) margin ^(c)	6.9%	8.1%					
Income from continuing operations	50	79	-37		37	77	-52
Net income					37	76	-51
Net income per share ^(d)					0.55	1.13	

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

Brendan Cummins, Chief Executive Officer, comments:

“We have not had the strong start to the year that we were anticipating a few months ago. Dramatic changes in the currency and raw material environment had an adverse effect on the first quarter results and although in general we are seeing good underlying growth in many of our markets, we are also clearly starting to feel the impact of the economic slowdown on overall sales growth. This is particularly apparent in NAFTA, where growth has slowed and in Europe, where we are experiencing weakness in a number of industries. Asia and the Middle East are proving to be more resilient.”

“We expect this trend to continue in 2008, with some markets delivering good growth, and others slowing. In the short term, we will address underperforming areas of the business and focus on increasing sales prices on an ongoing basis to compensate for the higher raw material costs.”

“Over the next eighteen months, we will complete our Operational Agenda program to streamline our organizational structure, which has already substantially reduced the cost base, and we will leverage more value through a new industry focused innovation structure. Going forward, we expect that each of our businesses will earn at least its cost of capital.”

OVERVIEW OF FIRST QUARTER RESULTS 2008

A slow start, with some markets impacted by the economic slowdown and others proving more resilient

Sales in Swiss francs of CHF 1,557 billion (2007: CHF 1,659 billion) were significantly impacted by currency movements in the first quarter of 2008. Sales in Swiss francs were 6 percent lower and sales in local currencies were 1 percent lower.

Sales growth in local currencies was mixed, with Europe 2 percent down, the Americas flat and Asia 1 percent higher. The drop in European sales was mainly a result of a slowdown in the Paper business, which faced customer shutdowns of paper mills. There was also some weakness in Europe in the Inks pigments business.

The Americas saw an improved performance from Water & Paper Treatment, although a slightly weaker start for Plastic Additives and Coating Effects.

Sales in Asia were higher in Plastic Additives and Coating Effects, and flat in Water & Paper Treatment. China was slightly weaker than the first quarter of 2007, with lower sales in the Paper business after actively walking away from low margin business; but in other areas of the region, as well as Africa and the Middle East (which are included in the Asian sales figures) growth was strong.

Profitability impacted by higher raw material costs, an adverse currency environment and some temporary production shutdowns

Raw material costs surged in the middle of the quarter at an unprecedented rate and the increases were significantly higher than anticipated, up 4.5 percent over the first quarter of 2007. The Company expects that raw material costs will remain around these levels in 2008.

A number of sales price increases have already been initiated to mitigate the impact on margins of the raw material cost increases, however there is always a lag between the increased costs and their taking full effect in the form of increased sales prices.

Gross profit margin for the first quarter was 28.1 percent (2007: 28.7 percent). Production costs were 3 percent lower than the first quarter of 2007, partially offsetting variable cost increases from higher raw material costs.

Operating income (EBIT) before restructuring was CHF 107 million (2007: CHF 134 million) resulting in an EBIT margin of 6.9 percent (2007: 8.1 percent). This lower result was mainly related to a 5 percent negative currency impact, as well as the absorption of higher raw material costs and some temporary production issues in Plastic Additives. Profitability in Coating Effects was strong, with the segment making a full recovery from production shutdowns in the fourth quarter. Water & Paper Treatment showed improvement over the first quarter of 2007, although there was some short term volatility in profitability levels for the segment.

Net financial expenses increased by CHF 12 million over the first quarter of 2007, which was mainly the result of unfavorable currency developments.

Restructuring charges of CHF 18 million were incurred in the first quarter (2007: CHF 3 million) from the Operational Agenda program to streamline the organizational structure and drive growth. The program delivered savings as expected of CHF 26 million in the first quarter. This represents an overall net reduction in the cost base of approximately 1 percent.

Net income for the first quarter was CHF 37 million (2007: CHF 76 million).

SEGMENT OVERVIEW

In ***Plastic Additives***, sales of CHF 528 million (2007: CHF 553 million), were impacted by the relatively strong Swiss franc and some product shortages from temporary production shutdowns. As a result, in local currencies sales in the segment were 1 percent higher than the first quarter of 2007, with Europe 2 percent higher, the Americas 1 percent lower and Asia 2 percent higher. This reflected a change in sales mix from the previous year, with significantly higher sales in Base Polymers in the first quarter of 2008, while the Polymer Products business was slightly slower than the previous year. Overall however, the underlying business is performing well, particularly in Europe.

Profitability was somewhat impacted by unrelated technical problems at three major sites, which resulted in disruption to customer supply before normal production levels could be resumed. In addition, the segment had some start up costs for the Singapore antioxidant plant which began test production in March. Customer orders for antioxidants, which are currently being supplied from other regions will move to the new plant in the next few months.

Operating income before restructuring was CHF 51 million (2007: CHF 87 million), resulting in a margin of 9.8 percent (2007: 15.7 percent). The result was also impacted by higher raw material costs, as well as the relative strength of the Swiss franc. The Company expects profitability levels to normalize going forward.

Coating Effects had a reasonable start to the year, with steady sales in local currencies and improved profitability. Sales were CHF 438 million (2007: CHF 469 million), 7 percent lower in Swiss francs as a result of the exchange rate, and 1 percent lower in local currencies.

Sales in Europe were 2 percent lower in local currencies, with weaker sales in Germany and the UK impacting sales in the first quarter. This was mainly a result of the Inks pigments business, where the decision was taken to actively walk away from lower margin sales. The Company is focusing on a turnaround program for this business. Sales in the Coatings business were strong in Europe and Asia, while the Electronic Materials business was also strong in Europe, but slightly lower in Asia in the first quarter. Sales in the Americas continued to be affected by the slower economy and came in 4 percent lower in local currencies. Asia remained on a par with 2007.

Profitability in the segment resumed its normal levels after the fourth quarter impact of planned production shutdowns. This was in spite of continued high raw material costs and an adverse currency effect. Operating income before restructuring of CHF 57 million (2007: CHF 61 million) was 6 percent lower than the first quarter of 2007, but significantly improved over the fourth quarter of 2007. EBIT margin improved over the first quarter of 2007 at 13.1 percent (2007: 13.0 percent).

Water & Paper Treatment had a mixed start to 2008 with sales of CHF 591 million (2007: CHF 637 million), 7 percent lower in Swiss francs and 2 percent lower in local currencies than the first quarter of 2007. The Water Treatment business showed solid growth in all regions, while the Paper business faced a very tough competitive environment and the decision was taken not to participate in a number of bids. Overall for the segment, in local currencies, sales in Europe were 6 percent lower, the Americas were 3 percent higher and Asia was flat.

Profitability in the segment was higher than the first quarter of 2007 with an operating income before restructuring of CHF 20 million (2007: CHF 15 million), resulting in a margin of 3.4 percent (2007: 2.4 percent). The turnaround in the Paper business is continuing to make good progress. Profitability in the Water Treatment business was negatively impacted by the high raw material costs, however the Company expects sales price increases to have a further positive impact in the second quarter. Overall the segment is expected to improve full year 2008 profit over 2007 levels.

GOING FORWARD

Industry focused strategy based around core innovation strength

The Company will further strengthen its industry focus by bringing together all its plastics related additives and pigments businesses to create an industry/market facing organization to better leverage its strong position in the plastics industry.

The Company is also implementing its new approach to innovation, with a focus on six core technologies, which between them represent 95 percent of sales and each have significant potential for further application and development. This will involve bringing together R&D activities for each of the technologies and creating dedicated research centers. In addition, a New Growth Platform is being established for embryonic technologies and external research partnerships. The existing R&D investment of around 4 percent of sales will be maintained, with a split of 75 percent going into the six core technologies and 25 percent into the New Growth Platform.

OUTLOOK

Underlying business performance remains strong in many of the Company's core markets, however, in a number of areas there are clear signs that the economic slowdown is impacting growth. The Company's financial results are also being adversely impacted by the relative strength of the Swiss franc, as well as very high raw material costs.

Brendan Cummins, Chief Executive Officer comments:

"It is very difficult at this stage to predict where currency exchange rates will go and how deeply we will feel the impact of the economic slowdown. Our underlying business is performing well, however some of our markets are clearly showing signs of weakening and raw material costs look set to stay at very high levels. Despite this, we expect to see sales growth in local currencies and we are confident that the measures we are taking in the organization will continue to deliver savings and increase the value we can leverage from our markets. We are also still expecting a base improvement in operating income of around 5 percent, however, if exchange rates were to continue at the levels we saw at the end of the first quarter, this would lead to

a negative impact on profitability. We have therefore decided to take a conservative position on our outlook and lower the guidance for 2008."

Assuming that current market conditions continue throughout the year, in 2008 the Company expects sales in local currencies to increase over 2007 levels. On the profitability level, should the exchange rates assumed for this outlook prevail during the year (1.54 Swiss francs to the Euro and parity with the US dollar), this may lead to an operating income before restructuring around 15 percent lower than 2007 and free cash flow to be around the levels reported in 2007.

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 2007, the Company's continued operations generated sales of CHF 6.5 billion and invested CHF 262 million in R&D.

Virtual news kit: www.ciba.com/media

- *News release in full (PDF, including tables)*
- *Photos Ciba*

Financial calendar

- *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 First Quarter Report 2008

Consolidated financial highlights (unaudited)

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

Statements of income	Excluding restructuring^(a)		Including restructuring	
	2008	2007	2008	2007
Three months ended March 31,				
Net sales	1 557	1 659	1 557	1 659
Gross profit	438	476	438	476
Restructuring, impairment and other charges ^(a)			(18)	(3)
Operating income (EBIT)	107	134	89	131
Financial income (expense), net	(39)	(27)	(39)	(27)
Income from continuing operations before income taxes and minority interest	68	107	50	104
Provision for income taxes	(18)	(27)	(13)	(26)
Minority interest	0	(1)	0	(1)
Income from continuing operations	50	79	37	77
Net income			37	76
Net income per share^(d)			0.55	1.13

Condensed business segment data^(e) (unaudited)

(in millions of Swiss francs, except percentages)

Three months ended March 31,	2008	2007	Change in %		Three months ended March 31,	2008	2007
			CHF	LC ^(b)			
Net sales					Depreciation and amortization		
Plastic Additives	528	553	-5	+1	Plastic Additives	23	23
Coating Effects	438	469	-7	-1	Coating Effects	27	26
Water & Paper Treatment	591	637	-7	-2	Water & Paper Treatment	31	37
Total	1 557	1 659	-6	-1	Corporate	1	1
					Total	82	87
Operating income (EBIT) before restructuring charges					Operating income (EBIT) margin^(c) before restructuring charges		
Plastic Additives	51	87	-40		Plastic Additives	9.8%	15.7%
Coating Effects	57	61	-6		Coating Effects	13.1%	13.0%
Water & Paper Treatment	20	15	+33		Water & Paper Treatment	3.4%	2.4%
Corporate and other expenses	(21)	(29)			Total	6.9%	8.1%
Total	107	134	-20				

Exchange rates of principal currencies to CHF (unaudited)

			Statement of income average rates for the three months ended March 31,	
			2008	2007
1	U.S. dollar	(USD)	1.07	1.23
1	British pound	(GBP)	2.12	2.41
1	Euro	(EUR)	1.60	1.62
100	Japanese yen	(JPY)	1.01	1.03

Notes to news release:

- (a) Restructuring refers to restructuring, impairment and other charges, substantially all of which have been incurred in connection with the Operational Agenda (described in the Company's 2007 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 three months ended March 31, 2008, restructuring, impairment and other charges net of taxes of CHF 5 million would be CHF 13 million and for 2007 the amount net of taxes of CHF 1 million would be CHF 2 million.
- (b) Change in percent in local currencies (LC) reflects the percent change in (i) 2008 results, as adjusted to remove the effects of fluctuations in foreign currency rates as compared to 2007 and (ii) 2007 results, as reported.
- (c) Operating income margin is operating income expressed as a percentage of net sales.
- (d) Earnings per share, basic and diluted.
- (e) The Company is changing the structure of certain parts of its business in 2008, which will result in corresponding changes to financial reporting for the affected segments. These reporting changes will take effect at year end December 31, 2008, once the Company's information management systems have been fully transferred to SAP.