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Basel, Switzerland

News Release: nine month results to September 30, 2008

Ciba increases sales prices 6% in third quarter

- *Sales growth strong in Asia, but slowing in Europe*
- *Operational profitability in Q3 improved significantly over Q2*
- *Raw material prices increased 18 percent*
- *Business conditions deteriorating as economic downturn affects demand in customer industries – outlook revised*
- *Ciba shareholders accept BASF offer - two thirds majority secured*

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

3^d quarter to 3^d quarter comparison (unaudited)

	<i>Excluding restructuring^(a) & one-time tax item^(e)</i>				<i>Including restructuring & one-time tax item</i>		
	<i>2008</i>	<i>2007</i>	<i>Change in %</i>		<i>2008</i>	<i>2007</i>	<i>Change in %</i>
<i>CHF</i>			<i>LC^(b)</i>	<i>CHF</i>			
Three months ended September 30,							
Net sales	1 549	1 638	-5	+1			
Gross profit	410	471	-5	-13			
Operating income (EBIT)	113	150	-25		91	122	-25
Operating income (EBIT) margin ^(c)	7.3%	9.2%					
Income from continuing operations	49	85	-43		44	51	-11
Net income					46	50	-9
Net income per share ^(d)					0.68	0.74	

Brendan Cummins, Chief Executive Officer comments: "The third quarter improved considerably over what had been a disappointing second quarter. Sales price increases took effect across the business, Coating Effects continued to maintain its high profitability levels and Water & Paper Treatment showed much better results. In Plastic Additives, however, demand started to drop significantly in August in a number of industries, notably automotive and construction, which severely impacted the results."

"Looking ahead, we are experiencing the effects of the economic slowdown, particularly in Europe, where there was a sudden deterioration in demand in a number of customer industries in the third quarter. In the Americas, we are not yet seeing the same extent of weakness, but we are expecting volumes to decline in the fourth quarter. We are also anticipating that growth in Asia will start to slow over the coming months as the economies in the region begin to be affected by the global downturn."

Three Month Results Overview

Sales in the third quarter of CHF 1,549 million were 5 percent lower in Swiss francs and 1 percent higher in local currencies. Europe was 5 percent lower in local currencies, with weaker demand in construction and automotive impacting the coatings and plastics businesses. Local currency sales in the Americas were 1 percent lower than the third quarter of 2007, with a similar pattern of construction and automotive weakness impacting NAFTA. Water & Paper Treatment, however, performed well. Central and South America showed good growth. Asian sales for the quarter were 11 percent higher in local currencies, with a strong performance in China, particularly in the Water & Paper Treatment segment.

Gross profit margin of 26.5 percent (2007: 28.8 percent) was impacted by higher raw material prices and energy costs during the third quarter.

Sales prices increased 6 percent in the third quarter as a result of sustained efforts to offset the impact of higher **raw material prices**, which rose 18 percent in the quarter, as the effects of record high oil prices in July filtered through to downstream derivatives. Raw material prices are expected to ease in the fourth quarter. Volume mix was 5 percent lower in the third quarter.

Operating income (EBIT) before restructuring of CHF 113 million or a margin of 7.3 percent (2007: CHF 150 million, 9.2 percent) reflected lower profitability levels in Plastic Additives, where demand slowed in a number of customer industries, notably construction and automotive, and this intensified competitive pressure during the quarter. There was also some impact from Hurricane Ike, where a number of customers in the US stopped ordering and declared 'force majeure' in contracts. Coating Effects profitability remained at high levels and Water & Paper Treatment increased profitability in the quarter.

Restructuring charges of CHF 26 million relating to the Operational Agenda program were incurred as expected in the third quarter.

Net income for the third quarter was CHF 46 million.

Nine Month Results Overview

Nine month to nine month comparison (unaudited)

	<i>Excluding restructuring^(a) & one-time tax item^(e)</i>				<i>Including restructuring & one-time tax item</i>		
	<i>2008</i>	<i>2007</i>	<i>Change in %</i>		<i>2008</i>	<i>2007</i>	<i>Change in %</i>
<i>CHF</i>			<i>LC^(b)</i>	<i>CHF</i>			
Nine months ended September 30,							
Net sales	4 637	4 946	-6	0			
Gross profit	1 239	1 431	-13				
Operating income (loss) (EBIT)	274	423	-35		(386)	330	
Operating income (EBIT) margin ^(c)	5.9%	8.6%					
Income (loss) from continuing operations	106	240	-56		(524)	161	
Net income (loss)					(523)	153	
Net income (loss) per share ^(d)					(7.82)	2.27	

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

Sales of CHF 4,637 million for the nine months were 6 percent lower than 2007 in Swiss francs and flat in local currencies, as the Swiss franc remained strong relative to the US dollar. Sales in local currencies were 5 percent lower in Europe, with a significant slowdown in the automotive and construction industries, as well as continued weakening in the paper and inks markets. In the Americas, sales were 1 percent higher, with good growth in the Water & Paper Treatment segment, which offset some softening in plastics and coatings, which were impacted by the slowdown in the automotive and construction industries. Central and South America showed growth of 10 percent and 6 percent respectively. In Asia, growth remained strong across most business lines, up 8 percent in local currencies.

Sales prices increased 2 percent over the nine months, accelerating significantly in the third quarter. This did not however, fully offset the CHF 247 million or 11 percent increase in raw material prices experienced during the period. Volume mix was 2 percent lower.

Gross profit margin was 26.7 percent (2007: 28.9 percent), lower as a result of the raw material price increases in 2008.

Operating income (EBIT) before restructuring of CHF 274 million or a margin of 5.9 percent (2007: CHF 423 million, 8.6 percent) for the nine months, reflected the weaker second quarter, where raw material price and energy cost increases were significant. Sales price increases improved profitability in the third quarter.

Restructuring charges relating to the Operational Agenda program to improve the cost structure and facilitate growth, were CHF 70 million (2007: CHF 93 million) for the nine months. There was also a goodwill impairment charge of CHF 590 million in Water & Paper Treatment mainly incurred in the second quarter.

Savings from the Operational Agenda were CHF 90 million for the nine months and are expected to come in at CHF 120 million for the full year, higher than the previously anticipated CHF 100 million.

Net financial expenses increased in the nine months to CHF 109 million (2007: CHF 88 million). This increase was mainly a result of the sell-off in emerging market currencies in September, especially the Brazilian real, and the decrease in the value of the Euro against the Swiss franc, which resulted in higher foreign exchange costs.

Taxes were lower in the nine month period at CHF 28 million (2007: CHF 76 million). In both the third quarters of 2007 and of 2008 there were one-time effects relating to a change in tax law which had an impact on tax expenses. In the third quarter of 2007 there was an additional expense of CHF 15 million, and in the same period in 2008, an additional CHF 10 million income. The outstanding difference mainly relates to the lower pre-tax income between the years.

The second quarter goodwill impairment resulted in a **net loss** for the nine month period of CHF 523 million (2007 net income: CHF 153 million).

Update on the offer from BASF to acquire Ciba

On September 15, 2008 it was announced that BASF would make a public tender offer for all outstanding shares of Ciba Holding AG at CHF 50.00 per share. Ciba's Board of Directors has thoroughly examined the offer and additionally commissioned an independent fairness opinion. On this basis, the Board of Directors has recommended that shareholders accept BASF's offer and tender their Ciba shares.

Ciba strengthens BASF's strategy and operations in the field of specialized chemical engineering through its leading innovation capabilities and application expertise in Plastic Additives, Coating Effects and Water & Paper Treatment. At the same time, Ciba benefits from BASF's global research, production and marketing platform, as well as the associated backward integration into important raw materials and intermediates. The two companies already maintain long-standing and extensive supplier and client relationships.

The offer is progressing as planned and BASF has now secured the required two thirds majority of Ciba shares in the tender offer, which ended on Tuesday October 28, 2008. The additional acceptance period began on November 3, 2008 and will finish on November 14, 2008. The offer is still subject to merger control approvals, as well as the elimination of Ciba's statutory voting and registration limits, which will be voted upon at an Extraordinary General Meeting on December 2, 2008. The transaction is expected to close in the first quarter of 2009.

Outlook

Business conditions have deteriorated in the third quarter, with the economic downturn evident in many customer industries. The Company is seeing a slowdown of demand in European and US markets and is anticipating that this will spill over into Asia. In this environment, the outlook for the fourth quarter is more challenging than previously anticipated.

The Company therefore believes that the earlier guidance given for 2008 is no longer applicable in the current business climate. While the Company's market positions remain strong and operational improvements continue to come through across the business, it is difficult to predict demand for the remainder of the year, as the extent and duration of the economic downturn is not yet clear. Based on the visibility the Company has today, it is expected that current EBIT margin levels can still be maintained, however free cash flow levels are expected to be lower than previously anticipated.

Segment Review

Plastic Additives sales of CHF 1,512 million for the nine months were 7 percent lower in Swiss francs and flat in local currencies. Demand in the construction and automotive industries in Europe and NAFTA weakened considerably during the period and as a result, segment sales in local currencies were 2 percent lower both in Europe and in the Americas. Hurricane Ike also impacted sales in the US, where

some customers declared 'force majeure' in contracts and stopped buying. Sales in Central and South America continued to grow strongly, while in Asia, sales were 4 percent higher, with double digit growth in the lubricants and personal care businesses. Going forward, the segment sees slower demand, particularly in the construction and automotive industries and to a lesser extent in the packaging industry, worsening over the coming months.

Profitability was lower in the nine month period, with an operating income (EBIT) before restructuring of CHF 122 million or a margin of 8.0 percent (2007: CHF 243 million, 15.0 percent). This was mainly a result of intense margin pressure from increased raw material prices in the first and second quarters, as well as the weaker demand. Sales price increases did, however, start to take some effect into the third quarter.

Coating Effects sales in the nine month period of CHF 1,296 million were 7 percent lower in Swiss francs and 1 percent lower in local currencies. The segment also experienced a weakening of demand from the automotive and construction industries, with 6 percent lower sales in Europe and the Americas. In Asia, sales growth was 10 percent in local currencies, with a strong performance in all business lines, especially coatings and electronic materials. Operating income (EBIT) before restructuring remained high at CHF 158 million or a margin of 12.2 percent (2007: CHF 182 million, 13.0 percent), despite high raw material prices and lower demand in the period.

Water & Paper Treatment sales of CHF 1,829 million were 5 percent lower in Swiss francs and 2 percent higher in local currencies. Sales growth was mainly driven by Asia, where there was an 11 percent increase in sales for the segment in local currencies. In Europe sales were 5 percent lower in local currencies, as demand fell in the paper industry, however the water treatment business grew well. In the Americas, sales were 7 percent higher in local currencies, with good growth in both water and paper in most of the region, offsetting a weaker performance in Canada. Profitability in the segment was lower than in the same period in 2007, with operating income (EBIT) before restructuring of CHF 64 million or a margin of 3.5 percent (2007: CHF 80 million, 4.2 percent). This reflected a weak result in the second quarter, which had been due to the lag effect in timing between raw material and other cost increases and acceptance of our customers for price increases. However, the third quarter improved considerably, with sales price increases largely compensating for the costs increases and together with the growing positive impact of the various ongoing 'turnaround' measures, the segment achieved an EBIT margin before restructuring of 6.2 percent.

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 more than CHF 260 million in R&D.

Virtual news kit: www.ciba.com/media

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

Financial calendar

- *December 2, 2008: Extraordinary General Meeting*
- *February 10, 2009: Full year 2008 financial results*

For further information please contact:

<i>Media:</i>	Tel. +41 61 636 4444	Fax +41 61 636 3019
<i>Investor Relations:</i>	Tel. +41 61 636 5081	Fax +41 61 636 5111

Ciba nine month report 2008

Consolidated financial summary (unaudited)

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

<i>Statements of income</i>	<i>Excluding restructuring^(a) & one-time tax item^(e)</i>		<i>Including restructuring & one-time tax item</i>	
	2008	2007	2008	2007
Nine months ended September 30,				
Net sales	4 637	4 946	4 637	4 946
Gross profit	1 239	1 431	1 239	1 431
Restructuring, impairment and other charges ^(a)			(660)	(93)
Operating income (loss) (EBIT)	274	423	(386)	330
Financial income (expense), net	(109)	(88)	(109)	(88)
Income (loss) from continuing operations before income taxes and minority interest	165	335	(495)	242
Provision for income taxes	(58)	(90)	(28)	(76)
Minority interest	(1)	(5)	(1)	(5)
Income (loss) from continuing operations	106	240	(524)	161
Net income (loss)			(523)	153
Net income (loss) per share^(d)			(7.82)	2.27

<i>Restructuring & one-time tax item affecting results</i>	Nine months ended September 30,		Three months ended September 30,	
	2008	2007	2008	2007
Restructuring, impairment and other charges, net of tax ^(a)	640	64	15	19
Effect of tax legislation changes ^(e)	(10)	15	(10)	15
Total	630	79	5	34
Impact on earnings per share ^(d)	9.41	1.19	0.07	0.53

Condensed business segment data^(f) (unaudited)

(in millions of Swiss francs, except percentages)

Nine months ended September 30,	2008	2007	Change in %		Nine months ended September 30,	2008	2007
			CHF	LC ^(b)			
Net sales					Depreciation and amortization		
Plastic Additives	1 512	1 623	-7	0	Plastic Additives	70	72
Coating Effects	1 296	1 400	-7	-1	Coating Effects	80	82
Water & Paper Treatment	1 829	1 923	-5	+2	Water & Paper Treatment	95	111
Total	4 637	4 946	-6	0	Corporate	0	1
					Total	245	266
Operating income (EBIT) before restructuring charges					Operating income (EBIT) margin^(c) before restructuring charges		
Plastic Additives	122	243	-50		Plastic Additives	8.0%	15.0%
Coating Effects	158	182	-13		Coating Effects	12.2%	13.0%
Water & Paper Treatment	64	80	-20		Water & Paper Treatment	3.5%	4.2%
Corporate and other expenses	(70)	(82)			Total	5.9%	8.6%
Total	274	423	-35				

Exchange rates of principal currencies to CHF (unaudited)

		Statement of income	
		average rates for the	
		nine months ended September 30	
		2008	2007
1	U.S. dollar (USD)	1.06	1.22
1	British pound (GBP)	2.06	2.42
1	Euro (EUR)	1.61	1.64
100	Japanese yen (JPY)	1.00	1.02

		Three months ended September 30,	
		2008	2007
1	U.S. dollar (USD)	1.07	1.20
1	British pound (GBP)	2.03	2.42
1	Euro (EUR)	1.61	1.65
100	Japanese yen (JPY)	1.00	1.02

Notes to news release:

- Restructuring refers to restructuring, impairment and other charges, most of which have been incurred in connection with the goodwill impairment in the Water & Paper Treatment segment and the Operational Agenda (described in the Company's 2008 half-year report). The charges that are not allocated to the segments, as they apply principally to the Company as a whole, are included in Corporate. For the nine months ended September 30, 2008, restructuring, impairment and other charges net of taxes of CHF 20 million would be CHF 640 million and for 2007 the amount net of taxes of CHF 29 million would be CHF 64 million.
- 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.
- Operating income margin is operating income expressed as a percentage of net sales.
- Earnings per share, basic and diluted.
- During third quarter 2008, the United Kingdom enacted tax legislation regarding the treatment of depreciation of industrial buildings. This tax law change resulted in a CHF 10 million income tax benefit for the nine months ended September 30, 2008. During third quarter 2007, certain tax jurisdictions in which the Company operates enacted legislation to decrease tax rates, effective in 2008. For the nine months ended September 2007, these new tax rates resulted in a CHF 15 million net increase in income tax expense, mostly in Germany.
- The previously announced change in the Company's structure of certain parts of its business and the corresponding changes to financial reporting for the affected segments, have been put on hold due to the public tender offer by BASF for Ciba. Until further notice the Company will continue to report under the current Segment structure.

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.