Our strategic direction

- Target: THE leading specialty chemicals company
- Focus on growth, profitability and cash flow
- Balanced global presence
- Focused portfolio with 4 strong segments
- Leading positions in our selected markets
- Decisive market presence with strong price management
- Organic Growth: “Managing for Growth”
- Acquisitions - but only with clear & speedy returns

Fast implementation is key to our company culture
We manage the company with targets on

- Growth: Sales in local markets
- Profits: EBITDA margin % sales
- Money: Free Cash Flow

=> short-term cash-based incentive for all employees of the company

- long-term incentive: share program with mid-term conditions
  => for 300-400 top managers

Align with shareholder interest

Contents

- Results 9 months 2004
- Profitable future for WPT
- Currency exposure and strategies to mitigate it
- Key points
Highlights first 9 months 2004

- Acquisition of Raisio Chemicals (> 720 mio CHF) to turn Paper Chemicals into #1 in the market; Integration is well on track
- Shareholder focus: return to shareholder > 360 mio CHF, 3 times higher than normal / 150% annual capital expenditure
- Solid results 9 months 2004 (sales: +5% in CHF (+6% in l.c.), EBITDA: +5% in CHF (+9% in l.c.) and net income: +11%
- Program “Shape“ to ensure sustainable competitiveness

Further focus on profitability and growth

Results 9 months 2004

<table>
<thead>
<tr>
<th>MCHF</th>
<th>9 mns 2004</th>
<th>% of Sales</th>
<th>Change* excl. acqui.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>5 261</td>
<td>+5%</td>
<td>+ 6%  + 2%</td>
</tr>
<tr>
<td>EBIT</td>
<td>513</td>
<td>9.8%</td>
<td>+ 6%  + 10%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>797</td>
<td>15.2%</td>
<td>+ 5%  + 7%</td>
</tr>
<tr>
<td>Net income</td>
<td>333</td>
<td>6.3%</td>
<td>+ 11%    + 7%</td>
</tr>
<tr>
<td>EPS (CHF)</td>
<td>5.04</td>
<td></td>
<td>+ 15%    + 7%</td>
</tr>
</tbody>
</table>

Substantially increased EPS

* compared to 9 months 2003
Group sales 9 months 2004

- Volume-Mix: +4%
- Price: -3%
- M&A: +5%
- Loc. currency: +6%
- Currency: -1%
- TOTAL in CHF: +5%

Price decline stopped in Q3; more and more increases

* compared to 9 months 2003

Segment sales 9 months 2004

<table>
<thead>
<tr>
<th>MCHF</th>
<th>9 mns 2004 Sales</th>
<th>Change* CHF</th>
<th>Change* loc. c. excl. acqui.</th>
<th>Change* loc. c.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plastic Additives</td>
<td>1 348</td>
<td>+4%</td>
<td>+6%</td>
<td>+5%</td>
</tr>
<tr>
<td>Coating Effects</td>
<td>1 403</td>
<td>+3%</td>
<td>+4%</td>
<td></td>
</tr>
<tr>
<td>Water &amp; Paper Treatment</td>
<td>1 252</td>
<td>+23%</td>
<td>+24%</td>
<td>+2%</td>
</tr>
<tr>
<td>Textile Effects</td>
<td>1 002</td>
<td>-6%</td>
<td>-4%</td>
<td></td>
</tr>
<tr>
<td>Home &amp; Personal Care</td>
<td>256</td>
<td>-7%</td>
<td>-4%</td>
<td></td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td><strong>5 261</strong></td>
<td><strong>+5%</strong></td>
<td><strong>+6%</strong></td>
<td><strong>+2%</strong></td>
</tr>
</tbody>
</table>

Good performance in 3 segments

* compared to 9 months 2003
Sales by Region

Sales 9m 2004

1,561 MCHF
Europe
42%

2,252 MCHF
Americas
30%

1,448 MCHF
Asia-Pacific
28%

Local curr.
CHF

Europe
\(+6\%\)
\(-1\%\)
Americas
\(+8\%\)
\(+6\%\)
Asia-Pacific
\(+8\%\)
Q3’04 vs. Q3’03

Continuous growth in Mainland China, up in US

Group EBITDA 9 months 2004

• Sales price increases started
• Signs of upwards pressure on raw materials
• Expenses well under control
• Q3 EBITDA margin high at 16.4% excl. acquisitions
• Raisio business under short-term pressure from raw material prices

9 mns 2004 EBITDA Change* excl. acqui. in CHF in loc. c. in loc.c.

MCHF %
797 15.2%
+ 5% + 9% + 7%
(2003: 15.1%)

EBITDA stable on a high, above average level

* compared to 9 months 2003
Segment EBITDA 9 months 2004

<table>
<thead>
<tr>
<th></th>
<th>EBITDA* 9 mns 2003</th>
<th>EBITDA* 9 mns 2004</th>
<th>EBITDA MCHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plastic Additives</td>
<td>17.2%</td>
<td>18.6% (18.7%)</td>
<td>251</td>
</tr>
<tr>
<td>Coating Effects</td>
<td>22.6%</td>
<td>22.9%</td>
<td>321</td>
</tr>
<tr>
<td>Water &amp; Paper Treatment</td>
<td>13.2%</td>
<td>12.1% (13.1%)</td>
<td>151</td>
</tr>
<tr>
<td>Textile Effects</td>
<td>10.0%</td>
<td>9.9%</td>
<td>100</td>
</tr>
<tr>
<td>Home &amp; Personal Care</td>
<td>16.8%</td>
<td>15.2%</td>
<td>39</td>
</tr>
<tr>
<td>Corporate</td>
<td></td>
<td></td>
<td>- 65</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>15.1%</td>
<td>15.2% (15.5%)</td>
<td>797</td>
</tr>
</tbody>
</table>

Positive development in Plastic Additives

* % of sales, ( ) excl. acquisitions

Cash and debt development

- No short-term debt
- 1.3 bio CHF free cash
- Surplus finances to foster growth

Single A rating

Tight asset management, focus on high cash flow, generate strong financial position
Contents

- Results third quarter and 9 months 2004
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- Key points

Our strategic direction

- Target: THE leading specialty chemicals company
- Focus on growth, profitability and cash flow
- Balanced global presence
- Focused portfolio with 4 strong segments
- Leading positions in our selected markets
  - Plastic Additives: Leading market position
  - Coating effects: Leading market position
  - Textile Effects: Co-lead in our markets
  - Water & Paper Treatment: No. 5/6 in each market segment
- Decisive market presence with strong price management
- Organic Growth: “Managing for Growth”
- Acquisitions - but only with clear & speedy returns

Fast implementation is key to our company culture
**Growth Area: Paper Chemicals**

**Acquisition Raisio Chemicals**
- 422 mio € of Sales / 1100 People / price 475 mio €
- Enhancing paper coating segment
- Strong position in Scandinavian Paper Industry (Finland)
- Substantial presence in Russia
- Substantial presence in China (2 new factories)

- Very positive reaction from key customers
- Full integration of managerial level already implemented
- Speedy integration of all operations – to be completed by March 2005
- Cost synergy targets confirmed; additional sales synergy targets obtained

**Project “shape” to assure efficient synergy results**

**Acquisition significantly improves market position**

<table>
<thead>
<tr>
<th>Specialty paper chemicals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ciba &amp; Raisio</td>
</tr>
<tr>
<td>Hercules</td>
</tr>
<tr>
<td>BASF</td>
</tr>
<tr>
<td>Eka (Akzo Nobel)</td>
</tr>
<tr>
<td>Nalco</td>
</tr>
<tr>
<td>Kemira</td>
</tr>
<tr>
<td>Dow</td>
</tr>
<tr>
<td>Ciba</td>
</tr>
<tr>
<td>Raisio Chemicals</td>
</tr>
<tr>
<td>National Starch</td>
</tr>
<tr>
<td>ADM</td>
</tr>
<tr>
<td>Clariant</td>
</tr>
<tr>
<td>Bayer</td>
</tr>
</tbody>
</table>

A leading supplier in specialty paper chemicals
Growing depth and breadth of expertise

Our enlarged portfolio after Raisio acquisition

Target of program “Shape“

Segment Water & Paper Treatment:
- Make the synergies happen
- Optimize production layout
- Segment EBITDA target 2006: 14 - 15%

Segment Textile Effects:
- Get Textile Effects ready for the Asian challenge
- Move decision making in marketing to the regions
- Reduce production in Europe and Switzerland
- Foster build-up of business in Asia

Ensuring sustainable competitiveness
Program “Shape“

- Reduction of 950 positions over 2 years
  - 50% related to Water & Paper Treatment
  - 40% related to Segment Textile Effects
  - 10% within the remaining organization

- Closure of 8 sites and 4 production lines in other plants

- 90 MCHF annual cost savings after taxes starting 2007

- Charge after tax ~ 100 MCHF

A quick return to assure a profitable future

---

Key data “Shape“

<table>
<thead>
<tr>
<th>“Shape“</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs after taxes *</td>
<td>50</td>
<td>50</td>
<td>25</td>
<td></td>
<td>125</td>
</tr>
<tr>
<td>Headcount reduction **</td>
<td>150</td>
<td>500</td>
<td>300</td>
<td></td>
<td>950</td>
</tr>
<tr>
<td>Annual savings after taxes</td>
<td>-</td>
<td>25</td>
<td>60</td>
<td>90</td>
<td></td>
</tr>
<tr>
<td>Cash Out</td>
<td>20</td>
<td>55</td>
<td>30</td>
<td></td>
<td>105</td>
</tr>
</tbody>
</table>

Target: Fast implementation

* Impact on Group Profit and Loss Statement
** Thereof 200 positions announced in 2003
Contents

- Results third quarter and 9 months 2004
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Challenging currency environment

![Graph showing USD/CHF and Euro/CHF exchange rates from January 1999 to January 2004]
**Challenging currency environment**

- Ciba is a net exporter from € / CHF to other regions
- A strengthening CHF/weakening USD hurts

How to mitigate such effects
- Shift production to where sales are (Asia)
- **Shift sourcing to weaker currency regions**
- Hedge financial exposure
  - EUR fully into Q1 2005 at current levels
  - USD fully into Q1 2005 at 1.20

---

**A balanced global distribution of sales...**

*figures from FY2003*
...with production in >50 countries

Production Strategy: Improve geographical fit

- Geographical match of sales/assets on a continental level
- Capex in Europe: only process improvement/debottlenecking
- Maintain good match in the Americas
- Build up production in Asia, esp. in China:
  - Strong capacity increase in Shanghai: antioxidants
  - Strong capacity increase in Panyu (China): textile chemicals
  - Strong capacity increase in Mahachai (Thailand): textile dyes
  - 100% ownership of Ulsan (South Korea): pigments
  - 100% ownership of Ankleshwar (India): whiteners
  - Advanced planning phase for further production capacity in Asia/China

Decisive start, but change takes time
Challenging currency environment

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- Shift production to where sales are (Asia)
- **Shift sourcing to weaker currency regions**
- Hedge financial exposure
  - EUR fully into Q1 2005 at current levels
  - USD fully into Q1 2005 at 1.20

Raw Material purchasing as major cost factor

Of CHF 100 of Sales, we use...

- **39%** Raw Materials
- **25%** Production Costs
- **5%** Transportation
- **4%** R&D
- **18%** SG&A
- **2%** Financing Costs
- **2%** Income Taxes
- **5%** Net Income

FY 2003
Purchasing Portfolio – Currency Impact

Purchase value 2003: 2.37 billion CHF*

High potential to mitigate currency shifts

* raw materials, finished products and packaging material ex 3rd parties

Product trees for major feedstocks

Ciba
Product trees for major raw materials

Legend:
- In green: purchased raw materials
- In blue: final products

Raw material purchasing: Major trends

Supply
- Shift to other currencies to mirror sales currencies

Oil price development
- Effect mitigated by higher value added raw materials (at least 3 to 5 industrial steps away from the cracker)
- Moderate effect of price increases to be compensated by sales price increase, esp. in Plastic Additives and Water & Paper Treatment

Usage: Continued yield increase by ...
- Process improvement (15% of capex)
- Improvement in Material Use Efficiency (7% since 1997)

Broad based margin protection
**Challenging currency environment**

- Ciba is a net exporter from € / CHF to other regions
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How to mitigate such effects
- Shift production to where sales are (Asia)
- Shift sourcing to weaker currency regions
- **Hedge financial exposure**
  - EUR fully into Q1 2005 at current levels
  - USD fully into Q1 2005 at 1.20

**Types of currency impacts**

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation impact on results, balance sheet and cash flow</td>
<td>Secondary impacts on business behavior (prices, moving activities)</td>
<td>Transaction gains &amp; losses from open transactions (receivables, payables, loans)</td>
</tr>
<tr>
<td>Instantaneous effect as soon as the exchange rates change</td>
<td>Delayed effect</td>
<td>Impacts until settlement of the specific transactions</td>
</tr>
<tr>
<td></td>
<td>Difficult to quantify</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Often partially offsetting translation impacts</td>
<td></td>
</tr>
</tbody>
</table>
Currency-translation impact

Estimated currency balances of the Group on EBIT level

<table>
<thead>
<tr>
<th>CHF million</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR &amp; other EC (excl. GBP)</td>
<td>600</td>
</tr>
<tr>
<td>GBP</td>
<td>-400 “short”</td>
</tr>
<tr>
<td>CHF</td>
<td>-1200 “short”</td>
</tr>
<tr>
<td>JPY</td>
<td>300</td>
</tr>
<tr>
<td>USD &amp; LatAm</td>
<td>700</td>
</tr>
<tr>
<td>Other Asia (partly close to USD)</td>
<td>750</td>
</tr>
</tbody>
</table>

Rule of thumb:
1% change in USD/CHF = CHF 6-7 million EBIT impact
1% change in EUR/CHF = CHF 5-6 million EBIT impact

Hedging of transaction impacts

- Net Group Exposure is hedged:

<table>
<thead>
<tr>
<th>CHF million</th>
<th>Exposure</th>
<th>Hedged</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>350</td>
<td>160 Q1 fully hedged</td>
</tr>
<tr>
<td>EUR</td>
<td>300</td>
<td>250 Q1 fully hedged</td>
</tr>
<tr>
<td>JPY</td>
<td>76</td>
<td>10</td>
</tr>
<tr>
<td>GBP</td>
<td>-180</td>
<td>-180 H1 fully hedged</td>
</tr>
</tbody>
</table>

- Other hedged currencies: AUD, SEK, ZAR, allocation of exotic currencies to USD

Hedging strategy designed to reduce currency risks

* booked and expected exposure for H1 2005
Measures to mitigate currency impacts

• Some transaction effects are desired
  – When local financing is more expensive or unavailable
    (Brazil, Mexico, Turkey, Indonesia)

• Reduction of working capital
  – Receivables, inventories, use of offshore inventories

• Avoiding unnecessary cash/debt balances in the group
  – Cash pooling of EUR, USD, JPY, GBP and CHF
  – Intercompany netting of open balances

• Natural hedge by structuring currency exposures for debt
  and corporate provisions

• Active hedging of transaction impacts

Hedging if costs are reasonable

Hedging of transaction impacts

• Hedging using options; limited use of forward contracts

• Based on booked and expected transaction exposure
  – Detailed monthly cash-flow forecast
  – Wide review of currency forecasts

• Risk control
  – Frame set by Finance Policy with clear limits of authority and
decision rules
  – Regular internal meetings on execution within frame
  – Execution by Group Treasury in Basel
  – New instruments need approval by the CFO

Hedging strategy designed to reduce currency risks
Monthly fluctuations are unavoidable....
but must be kept in limits

CHF mio; negative amount = expense

Pure Exchange gains and losses  X-Result net of Hedge

Annual „unhedged“ X-losses: 65 mio CHF
Annual X-losses after hedge: 36 mio CHF

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Key points

• A strong, globally present multinational company
• Low cyclicality due to product and geographic range
• Well-balanced portfolio in attractive market segments
  – Market leader in most segments
  – Innovation-driven specialties; cost-driven semi-specialties
• Above average margins
• Healthy balance sheet – stable Single A rating

A leading player in specialty chemicals

Forward-Looking Statements

Forward-looking statements and information contained in this Report 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.
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This presentation is not and under no circumstances is to be construed as an offer to purchase or sell any securities issued by Ciba Specialty Chemicals and does not constitute an offer or solicitation for investment or funds. The offer that reference is made to herein will not be made in the United States of America and to U.S. persons and may be accepted only by Non-U.S. persons and outside the United States. Offering materials with respect to this offer must not be distributed in or sent to the United States and must not be used for the purpose of solicitation of an offer to purchase or sell any securities in the United States.

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The presentation today includes the display of some company financial indicators that do not directly conform to United States Generally Accepted Accounting Principles ("U.S. GAAP"). Management is of the opinion that these financial indicators are an important measure of comparative operating performance and financial stability of the businesses of the Company, and provide investors with additional insight into the ongoing operations of the business. However, these supplementary financial indicators should be considered in addition to, and not as a substitute for U.S. GAAP measures of operating performance and financial stability. Furthermore, these financial indicators may not be consistent with similar measures provided by other companies.

Information regarding the reconciliation between the U.S. GAAP and non-U.S. GAAP measures are available, with today's presentation, on the Investor Relations section of our website at http://www.cibasc.com and definitions are provided in the "Glossary of Financial Terms" in the Financial Review of the Annual Report.