



## Fourth Quarter 2010 Earnings Review

Shane Fleming – Chairman, President and CEO

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January 28, 2011

During the course of this meeting we may make forward-looking statements. All statements that address expectations or projections about the future are forward-looking statements.

Some of these statements include words such as “expects”, “anticipates,” “plans,” “intends,” “projects,” and “outlook.” Although they reflect our current expectations, these statements are not guarantees of future performance because they involve a number of risks, uncertainties, and assumptions.

Included in this presentation are estimates for full year 2011 sales and earnings. These were included in our January 27, 2011 press release, which was also furnished as an exhibit to a current report on Form 8-K. These estimates set forth the Company’s assumptions and management’s best estimate of the full year 2011 sales and earnings at that time based on various assumptions set forth in the press release. There can be no assurance that sales or earnings will develop in the manner then projected or that the results for the year will be consistent with the results then projected. Actual results may differ materially.

We recommend that you review Cytec’s SEC filings for a discussion of some of the factors which could cause actual results to differ materially from its expectations and projections. This and other Cytec information may be accessed at [www.cytec.com](http://www.cytec.com).

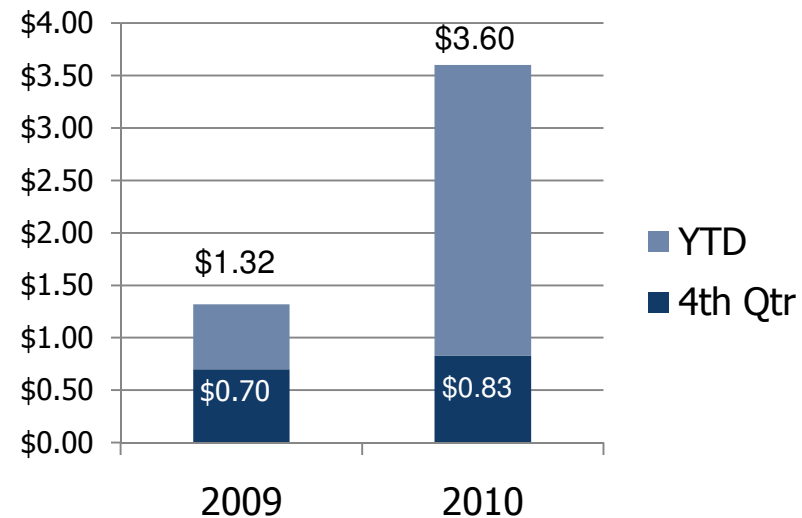
In sections of this presentation certain “non-GAAP” measures are provided and identified as such. We believe that the “non-GAAP” measures can more accurately reflect comparisons of year to year trends and is consistent with how we review the information. A reconciliation of “non-GAAP” measures to the applicable GAAP measure is provided in the appendix at the end of this presentation.

### 4<sup>th</sup> Quarter 2010:

Sales of \$700 million

Earnings\* of \$41.9M or \$0.83 per diluted share

Q4/YTD EPS\* 2010 vs. 2009



- Adjusted EPS growth increased almost 20% in Q4'10 vs. Q4'09
- Strengthening demand in Engineered Materials contributed to the improved earnings in the segment
- Raw Material costs up significantly and not fully covered in selling prices in Coating Resins

*\*excluding special items*

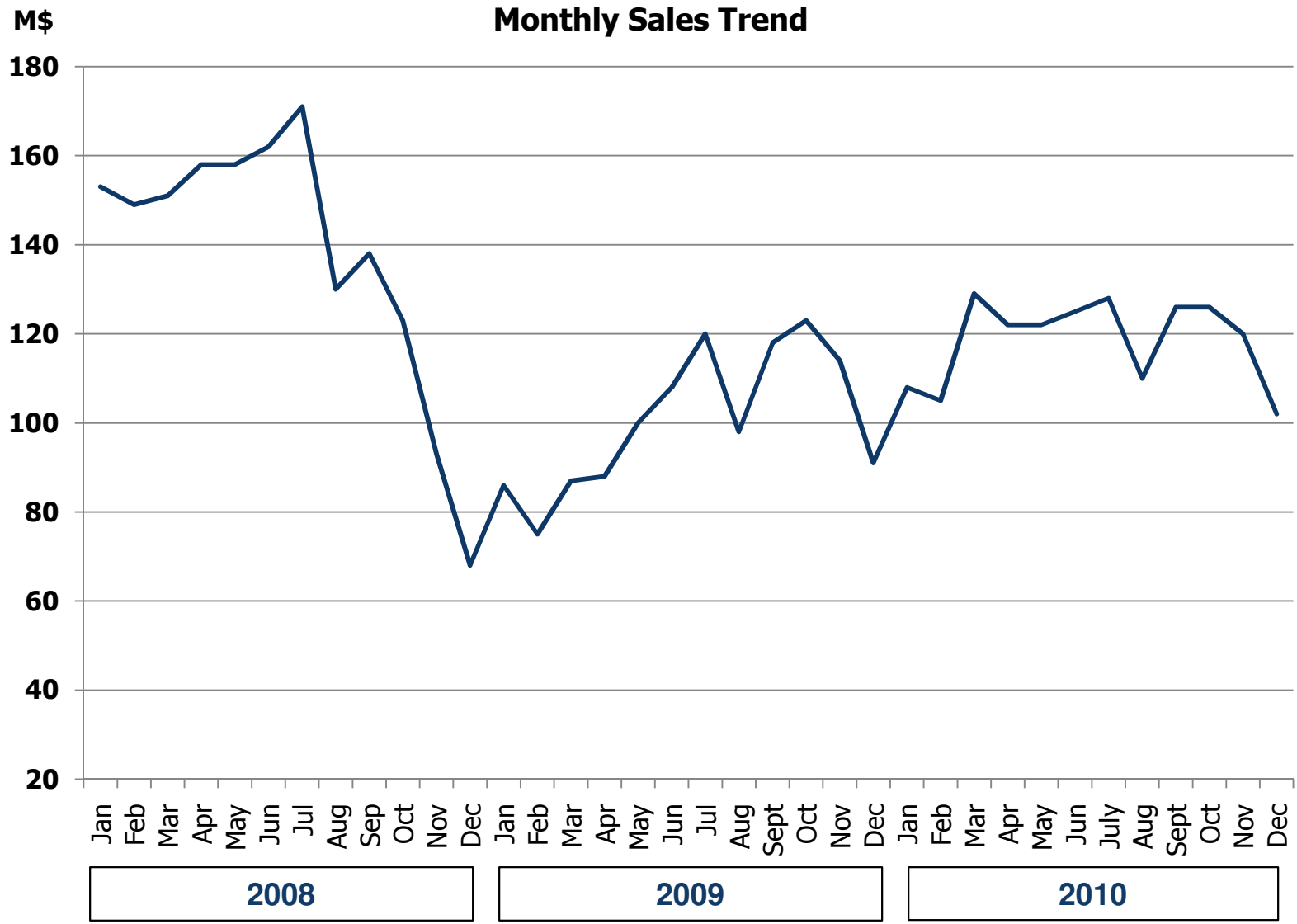
### Coating Resins

\$M USD	Q410	Q409	% chg	ytd10	ytd09	% chg
Sales	348.4	328.6	6%	1,422.6	1,206.9	18%
Operating Earnings/(loss)	3.9	17.6	-78%	68.2	(3.2)	N/A

- Selling volumes flat versus prior year period due to the anticipated destocking in industrial coatings; biggest impact in Europe
- \$40 million in higher raw material costs; \$30 million covered in price increases

### Q4 Sales Comparison YOY

Sales Growth	6%
Volume	0%
Price	9%
Currency	-3%



### Additive Technologies

\$M USD	Q410	Q409	% chg	ytd10	ytd09	% chg
Sales	64.6	60.5	7%	259.4	239.1	8%
Operating Earnings	8.8	4.2	110%	36.9	11.0	235%

- Selling volumes up 6% as a result of demand improvement in our differentiated technologies
- Improved earnings from higher volumes and increased manufacturing utilization

### Q4 Sales Comparison YOY

Sales Growth	7%
Volume	6%
Price	2%
Currency	-1%

### In Process Separation

\$M USD	Q410	Q409	% chg	ytd10	ytd09	% chg
Sales	81.1	80.6	1%	292.2	265.8	10%
Operating Earnings	13.3	15.2	-13%	55.2	34.6	60%

- Selling volumes down slightly versus prior year quarter
- Operating earnings down in the quarter due mainly to product mix
- New products continue to gain traction

### Q4 Sales Comparison YOY

Sales Growth	1%
Volume	-1%
Price	2%
Currency	0%

### Engineered Materials

\$M USD	Q410	Q409	% chg	ytd10	ytd09	% chg
Sales	205.5	178.4	15%	774.1	717.5	8%
Operating Earnings	28.2	22.8	24%	115.6	96.3	20%

- Significant selling volume increases versus prior year period related to new and legacy commercial aerospace programs
- Greater earnings leverage due to higher production volumes partially offset by increased investments to prepare for future growth

#### Q4 Sales Comparison YOY

Sales Growth	15%
Volume	15%
Price	1%
Currency	-1%

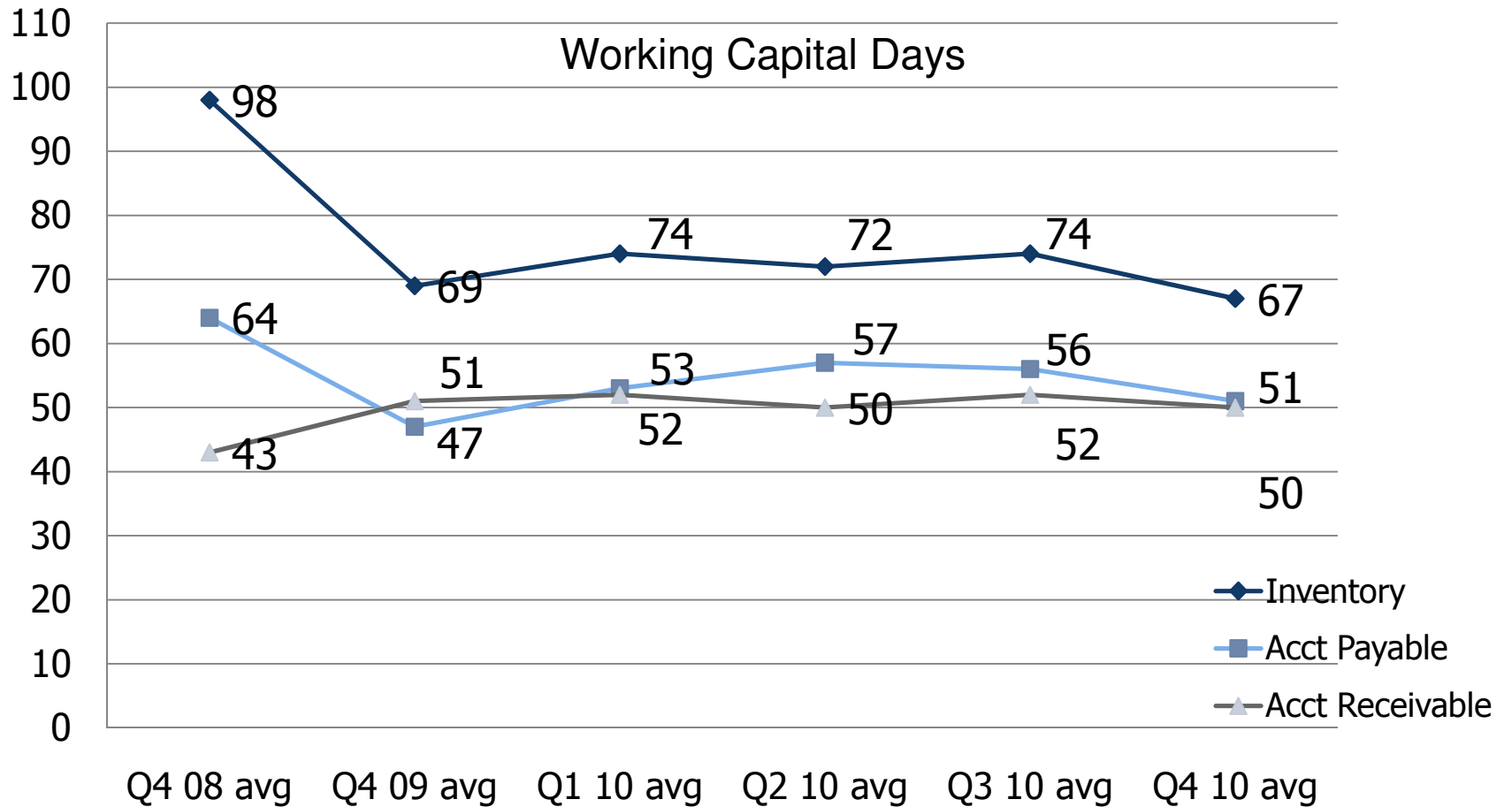


- Committed to a plan to divest Building Block Chemicals business
- Allows greater focus and investment in our growth platforms:
  - Engineered Materials
  - In Process Separation
  - Waterborne and Radcure Coating Resins
- Resumed stock buyback program and approval of new program
- Increased our quarterly dividend back to pre-recession levels

**Fourth Quarter 2010**

- Special Items:
  - Pre-tax net restructuring charges of \$1.1 million primarily related to a closure of a mfg facility in Europe.
  - Pre-tax charge of \$4.7 million related to an increase in environmental liabilities at two inactive sites for a change in estimate for operating and maintenance costs.
  - A benefit of \$9.7 million related to the reversal of deferred tax valuation allowances in two international entities.
- As-Adjusted Comments:
  - Gross Margin (ex special items) down approximately 2% versus Q4'09.
  - Raw material costs increases in excess of net selling price increases partially offset by increased production levels to support higher sales volumes.
  - Operating Expenses (ex special items) up approximately \$5M year on year due to reinstatement of short term cost reduction actions taken in 2009 and higher compensation accruals.
  - Tax Expense:
    - Estimated annual underlying income tax rate was 30.5% versus prior year's rate of 30.8%.
    - Includes discrete tax benefits of \$3.5 million or \$0.07 per diluted share related to favorable resolution of several prior year international tax matters.
    - Includes a tax benefit of approximately \$2.0 million or \$0.04 per diluted share related to the cumulative catch-up on the first 9 months of 2010 resulting from reinstatement of R&D tax and certain other U.S. tax credits.

### Working Capital Metrics – Excluding Building Blocks Chemicals



**Sustainable Working Capital Levels**

**Capital Expenditures**

- Q410 capital expenditures in continuing operations were \$38M
- FY10 capital expenditures in continuing operations of \$116M
- Outlook for Full Year 2011 is estimated to be \$170 to \$190M

**Enhancing Liquidity**

- Overall debt decreased \$18M in the quarter, \$39M year to date
- Cash increased \$122M in 2010 to \$383M

**Stock Buyback/Dividend Increase**

- Board of Directors approved resumption of stock buyback program and authorized new \$150M program
- Board of Directors approved an increase in the dividend level to \$0.125 from \$0.0125, effective with February 2011 payment.

Outlook table in Millions

Business Segment	Net Sales	Operating Earnings Guidance
Coating Resins	\$1,500 to \$1,520	\$70 to \$80
Additive Technologies	\$260 to \$280	\$37 to \$40
In Process Separation	\$320 to \$330	\$60 to \$70
Engineered Materials	\$825 to \$845	\$130 to \$140
Total	\$2,905 to \$2,975	\$297 to \$330

Excludes Building Block segment (discontinued operations)

	2011 Outlook
Corporate and Unallocated, Net Expense	~\$17
Other Expense, net	~\$4
Interest Expense, net	~\$38
Income Tax Expense	30.5% - 32.5%
Adjusted EPS – <i>from continuing operations</i>	\$3.15 to \$3.50

- 2011 adjusted EPS from continuing operations forecast above prior year adjusted EPS from continuing operations of \$2.99
- Excludes Building Block segment (discontinued operations)



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## Reconciliation of “Non-GAAP” Measures to GAAP Measures

Management believes that net after-tax earnings and diluted earnings per share before special items, and gross margins adjusted for special items, which are non-GAAP measures, are meaningful to investors because they provide a view of the Company with respect to ongoing operations. Special items represent significant charges or credits that are important to an understanding of the Company’s overall operating results in the periods presented. Such measurements are not recognized in accordance with generally accepted accounting principles (GAAP) and should not be viewed as an alternative to GAAP measures of performance. The following table summarizes the net special items used to adjust reported net earnings and diluted earnings per share and gross margins for the quarters ended December 31, 2010 and 2010.

Period	Reported Net Earnings	Net Special Items	Non-GAAP Net Earnings	Reported Diluted Earnings Per Share	Net Special Items	Non-GAAP Diluted Earnings per Share
Q410	\$48.0	\$(6.1)	\$41.9	\$0.95	\$(0.12)	\$0.83
Q409	\$9.8	\$24.6	\$34.4	\$0.20	\$0.50	\$0.70

Period	Reported Manufacturing Cost of Sales	Net Special Items Mfg Cost of Sales	Adjusted Manufacturing Cost of Sales	Gross Margin	Net Special Items Mfg Cost of Sales	Adjusted Gross Margin
Q410	\$540.1	\$1.0	\$539.1	\$159.5	\$1.0	\$160.5
Q409*	\$509.2	\$21.9	\$487.3	\$138.9	\$21.9	\$160.8

\*2009 results have been revised to account for the discontinued operations and to conform to the current presentation





## Restated Results of Operations (unaudited)

### Appendix

	1st Quarter	1st Quarter	2nd Quarter	2nd Quarter	3rd Quarter	3rd Quarter	4th Quarter	4th Quarter
(in millions)	2010	2009	2010	2009	2010	2009	2010	2009
Net Sales	\$ 646.5	\$ 545.1	\$ 702.0	\$ 594.5	\$ 700.1	\$ 641.6	\$ 699.6	\$ 648.1
Manufacturing cost of sales	488.7	436.6	512.1	515.3	533.0	514.2	540.1	509.2
Selling and technical services	48.2	48.4	50.4	50.7	51.1	47.5	55.8	50.3
Research and process development	17.7	17.8	18.4	21.0	18.0	17.2	18.5	19.0
Administrative and general	28.8	29.5	33.1	30.7	32.8	29.5	30.7	34.4
Amortization of acquisition intangibles	9.5	9.2	9.0	9.4	9.1	9.7	9.4	9.9
Gain (Loss) on sale of assets	-	1.6	-	(1.4)	-	-	-	-
Asset impairment charge	-	-	-	-	-	-	-	4.3
Earnings from operations	53.6	5.2	79.0	(34.0)	56.1	23.5	45.1	21.0
Other (expense)/income, net	(0.3)	(3.3)	(1.7)	(0.1)	(2.0)	6.9	(1.6)	(6.0)
Loss on early extinguishment of debt	(0.7)	-	-	-	(0.1)	(8.6)	-	(0.6)
Equity in earning of associated companies	0.1	0.2	0.3	0.3	0.4	0.2	0.2	0.2
Interest expense, net	8.1	5.6	7.9	5.1	7.8	7.6	9.3	5.9
Earnings from continuing ops before income taxes	44.6	(3.5)	69.7	(38.9)	46.6	14.4	34.4	8.7
Income tax provision (benefit)	22.6	(0.8)	18.7	(12.6)	16.2	5.2	(7.0)	(0.7)
Earnings from continuing operations	22.0	(2.7)	51.0	(26.3)	30.4	9.2	41.4	9.4
Earnings from discontinued operations, net of tax	3.8	2.8	11.4	1.9	7.8	3.8	7.3	1.0
Net earnings	\$ 25.8	\$ 0.1	\$ 62.4	\$ (24.4)	\$ 38.2	\$ 13.0	\$ 48.7	\$ 10.4
Net earnings attributable to noncontrolling interests	(1.0)	(0.2)	(0.6)	(0.4)	(0.5)	(0.5)	(0.7)	(0.6)
Net earnings attributable to Cytec Industries Inc.	\$ 24.8	\$ (0.1)	\$ 61.8	\$ (24.8)	\$ 37.7	\$ 12.5	\$ 48.0	\$ 9.8
Sum of the quarters may not equal the full year earnings due to rounding								

## Restated Earnings (loss) per share attributable to Cytec Industries Inc. by quarter (unaudited)

	1st Quarter 2010	1st Quarter 2009	2nd Quarter 2010	2nd Quarter 2009	3rd Quarter 2010	3rd Quarter 2009	4th Quarter 2010	4th Quarter 2009
EPS Basic - Continuing Operations	\$ 0.43	\$ (0.06)	\$ 1.02	\$ (0.55)	\$ 0.60	\$ 0.18	\$ 0.82	\$ 0.18
EPS Basic - Discontinued Operations	0.08	0.06	0.23	0.04	0.16	0.08	0.15	0.02
	\$ 0.51	\$ (0.00)	\$ 1.26	\$ (0.52)	\$ 0.76	\$ 0.26	\$ 0.97	\$ 0.20
EPS Diluted - Continuing Operations	\$ 0.42	\$ (0.06)	\$ 1.01	\$ (0.55)	\$ 0.60	\$ 0.18	\$ 0.81	\$ 0.18
EPS Diluted - Discontinued Operations	0.08	0.06	0.23	0.04	0.16	0.08	0.14	0.02
	\$ 0.50	\$ (0.00)	\$ 1.24	\$ (0.52)	\$ 0.75	\$ 0.26	\$ 0.95	\$ 0.20
Sum of continuing and discontinued operations may not equal the total EPS due to rounding.								

## Operating Earnings Analysis by Quarter (unaudited)

(in millions)	First Quarter 2010				First Quarter 2009			
	Previously	Less BBC	Corporate	Restated for	Previously	Less BBC	Corporate	Restated for
	<u>Reported</u>	<u>Results</u>	<u>Allocation</u>	<u>Disc. Ops.</u>	<u>Reported</u>	<u>Results</u>	<u>Allocation</u>	<u>Disc. Ops.</u>
Coating Resins	\$ 16.8	\$ -	\$ -	\$ 16.8	\$ (20.3)	\$ -	\$ -	\$ (20.3)
Additive Technologies	8.4	-	-	8.4	0.6	-	-	0.6
In Process Separation	14.9	-	-	14.9	4.8	-	-	4.8
Engineered Materials	21.0	-	-	21.0	33.1	-	-	33.1
Building Block Chemicals	4.1	(4.1)	-	-	3.2	(3.2)	-	-
<b>Earnings from Segments</b>	<b>65.2</b>	<b>(4.1)</b>	<b>-</b>	<b>61.1</b>	<b>21.4</b>	<b>(3.2)</b>	<b>-</b>	<b>18.2</b>
Corporate and Unallocated, net	(6.0)	-	(1.5)	(7.5)	(11.7)	-	(1.3)	(13.0)
<b>Total earnings from operations</b>	<b>\$ 59.2</b>	<b>\$ (4.1)</b>	<b>\$ (1.5)</b>	<b>\$ 53.6</b>	<b>\$ 9.7</b>	<b>\$ (3.2)</b>	<b>\$ (1.3)</b>	<b>\$ 5.2</b>
	Second Quarter 2010				Second Quarter 2009			
	Previously	Less BBC	Corporate	Restated for	Previously	Less BBC	Corporate	Restated for
	<u>Reported</u>	<u>Results</u>	<u>Allocation</u>	<u>Disc. Ops.</u>	<u>Reported</u>	<u>Results</u>	<u>Allocation</u>	<u>Disc. Ops.</u>
Coating Resins	\$ 28.0	\$ -	\$ -	\$ 28.0	\$ (19.2)	\$ -	\$ -	\$ (19.2)
Additive Technologies	10.7	-	-	10.7	3.1	-	-	3.1
In Process Separation	14.3	-	-	14.3	2.1	-	-	2.1
Engineered Materials	38.6	-	-	38.6	22.1	-	-	22.1
Building Block Chemicals	15.0	(15.0)	-	-	1.9	(1.9)	-	-
<b>Earnings from Segments</b>	<b>106.6</b>	<b>(15.0)</b>	<b>-</b>	<b>91.6</b>	<b>10.0</b>	<b>(1.9)</b>	<b>-</b>	<b>8.1</b>
Corporate and Unallocated, net	(10.9)	-	(1.7)	(12.6)	(40.9)	-	(1.2)	(42.1)
<b>Total earnings from operations</b>	<b>\$ 95.7</b>	<b>\$ (15.0)</b>	<b>\$ (1.7)</b>	<b>\$ 79.0</b>	<b>\$ (30.9)</b>	<b>\$ (1.9)</b>	<b>\$ (1.2)</b>	<b>\$ (34.0)</b>

Sum of the quarters may not equal the full year earnings due to rounding

## Operating Earnings Analysis by Quarter (unaudited)

(in millions)	Third Quarter 2010				Third Quarter 2009			
	Previously	Less BBC	Corporate	Restated for	Previously	Less BBC	Corporate	Restated for
	<u>Reported</u>	<u>Results</u>	<u>Allocation</u>	<u>Disc. Ops.</u>	<u>Reported</u>	<u>Results</u>	<u>Allocation</u>	<u>Disc. Ops.</u>
Coating Resins	\$ 19.5	\$ -	\$ -	\$ 19.5	\$ 18.5	\$ -	\$ -	\$ 18.5
Additive Technologies	9.1	-	-	9.1	3.1	-	-	3.1
In Process Separation	12.8	-	-	12.8	12.5	-	-	12.5
Engineered Materials	27.9	-	-	27.9	18.3	-	-	18.3
Building Block Chemicals	9.7	(9.7)	-	-	4.8	(4.8)	-	-
<b>Earnings from Segments</b>	<b>79.0</b>	<b>(9.7)</b>	<b>-</b>	<b>69.3</b>	<b>57.2</b>	<b>(4.8)</b>	<b>-</b>	<b>52.4</b>
Corporate and Unallocated, net	(11.5)	-	(1.7)	(13.2)	(27.5)	-	(1.4)	(28.9)
<b>Total earnings from operations</b>	<b>\$ 67.5</b>	<b>\$ (9.7)</b>	<b>\$ (1.7)</b>	<b>\$ 56.1</b>	<b>\$ 29.7</b>	<b>\$ (4.8)</b>	<b>\$ (1.4)</b>	<b>\$ 23.5</b>
	Fourth Quarter 2010				Fourth Quarter 2009			
	Previously	Less BBC	Corporate	Restated for	Previously	Less BBC	Corporate	Restated for
	<u>Reported</u>	<u>Results</u>	<u>Allocation</u>	<u>Disc. Ops.</u>	<u>Reported</u>	<u>Results</u>	<u>Allocation</u>	<u>Disc. Ops.</u>
Coating Resins	\$ 3.9	\$ -	\$ -	\$ 3.9	\$ 17.6	\$ -	\$ -	\$ 17.6
Additive Technologies	8.8	-	-	8.8	4.2	-	-	4.2
In Process Separation	13.3	-	-	13.3	15.2	-	-	15.2
Engineered Materials	28.2	-	-	28.2	22.8	-	-	22.8
Building Block Chemicals	9.2	(9.2)	-	-	0.3	(0.3)	-	-
<b>Earnings from Segments</b>	<b>63.4</b>	<b>(9.2)</b>	<b>-</b>	<b>54.2</b>	<b>60.1</b>	<b>(0.3)</b>	<b>-</b>	<b>59.8</b>
Corporate and Unallocated, net	(7.6)	-	(1.5)	(9.1)	(37.5)	-	(1.3)	(38.8)
<b>Total earnings from operations</b>	<b>\$ 55.8</b>	<b>\$ (9.2)</b>	<b>\$ (1.5)</b>	<b>\$ 45.1</b>	<b>\$ 22.6</b>	<b>\$ (0.3)</b>	<b>\$ (1.3)</b>	<b>\$ 21.0</b>

Sum of the quarters may not equal the full year earnings due to rounding