



Second Quarter 2012 Earnings Review

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July 20, 2012

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 2012 sales and earnings. These were included in our July 19, 2012 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 2012 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.

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.

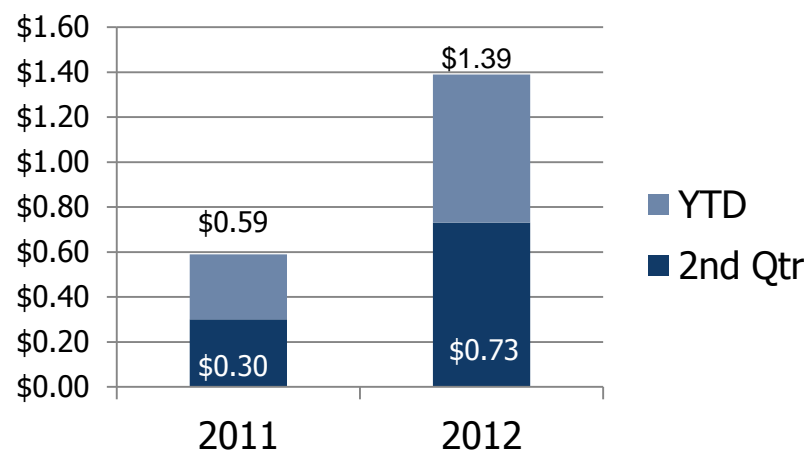
2nd Quarter 2012 (Coating Resins is now discontinued operation)

Continuing Sales of \$404M

Continuing earnings of \$34.3M or \$0.73 per diluted share
(excluding special items)

**Q2 Continuing As Adjusted EPS
2012 vs. 2011**

2nd Quarter



- Adjusted continuing EPS increased 143% in Q2'12 vs. Q2'11
- Strong demand drove substantial volume increases in Engineered Materials and In Process Separation segments
- Leveraged volume growth and improved product mix into higher earnings and margin

Engineered Materials

\$M USD	Q2'12	Q2'11	% Δ
Sales	229.7	190.0	21%
Operating Earnings	38.7	28.1	38%

- Double-digit revenue growth driven by higher selling volumes across all aerospace end markets.
- Leverage from higher selling volumes partially offset by higher spending to meet increased production levels and expenses related specific events such as scheduled carbon fiber plant maintenance, bad debt related to Spanish account, and union contract settlement.

Q2 Sales Comparison

Sales Growth	21%
Volume	17%
Price	4%
Currency	0%

In Process Separation

\$M USD	Q2'12	Q2'11	% Δ
Sales	100.2	81.9	22%
Operating Earnings	27.1	15.6	74%

- Another record quarter sales and earnings with strong volume and higher margins.
- Strong selling volumes for mining chemicals, notably in Eastern Europe and Africa.
- Strong selling volumes for phosphine chemicals across all key markets.

Q2 Sales Comparison

Sales Growth	22%
Volume	16%
Price	7%
Currency	-1%

Additive Technologies

\$M USD	Q2'12	Q2'11	% Δ
Sales	74.1	75.4	-2%
Operating Earnings	13.7	10.6	29%

- Lower selling volumes for specialty additives due to soft demand, particularly in North America and Europe.
- Strong demand for polymer additives in North America and Asia Pacific mitigated soft demand for specialty additives.
- Sales of higher-value products led to improved earnings

Q2 Sales Comparison

Sales Growth	-2%
Volume	-1%
Price	2%
Currency	-3%

Second Quarter 2012

- **Continuing Operations (all in corporate and unallocated):**
 - Administrative and General, and Manufacturing Cost of Sales includes pre-tax net restructuring charges of \$11.6M related to future reductions in the stranded costs from a sale of Coating Resins.
 - Research and Process Development expense includes a pre-tax charge of \$0.7M for incremental accelerated depreciation related to the sale-leaseback transaction our facility.
 - Administrative and General includes a pre-tax charge of \$2.9M related to Umeco acquisition costs.
 - Income Tax provision includes \$14.5M of income tax expense related to the requirement of establishing a tax liability on a portion of the un-repatriated earnings of certain foreign subsidiaries to be sold as part of the sale of coating resins.
- **Discontinued Operations:**
 - A net pre-tax charge of \$8.9M related to costs associated with the sale process of Coating Resins.
 - A pre-tax charge of \$1.7M related to an increase in the environmental liability at a certain site for new remedial design requirements.
 - A favorable pre-tax net restructuring adjustment of \$3.7M.
 - A \$7.0M income tax expense related to the requirement of establishing a tax liability on a portion of the un-repatriated earnings of certain foreign subsidiaries to be sold as part of the sale of coating resins.

Second Quarter 2012

- **As-Adjusted Continuing Comments** (ex special items):
 - Overall sales up by 16% primarily due to strong selling volumes in growth platforms.
 - Gross profit dollars up 28% to \$132.7M and margin of 32.8% was higher by approximately 3 percentage points versus Q2'11
 - Gross margin increase supported by higher selling volumes and resulting fixed cost leverage in Engineered Materials and In Process Separation as well as higher selling prices
- **Continuing Costs Previously Allocated to Coating Resins (in corporate and unallocated):**
 - \$18M and \$35M for Q2 and YTD 2012, respectively. Primarily for corporate functions such as IT, HR, Legal, and Finance.
 - Expects current run-rate for the second half of 2012.
 - Up to 2/3 of annualized costs will be removed within 60-90 days of closing.
 - Targeting 3/4 of total annualized costs to be removed within 2 years of closing.
- **Tax:**
 - Underlying tax rate of 30.8% vs. 31% in Q2'11.

Coating Resins (on the basis before being classified as discontinued operations)

\$M USD	Q2'12	Q2'11	% Δ
Sales	393.7	450.6	-13%
Operating Earnings	39.2	30.0	31%
Discontinued Basis Operating Earnings	56.8	47.5	20%

- Lower selling volumes across most product lines and regions, particularly in Europe.
- Lower selling volumes partially attributable to product rationalization.
- Lower raw materials, improved product mix, and lower spending supported significant margin expansion.

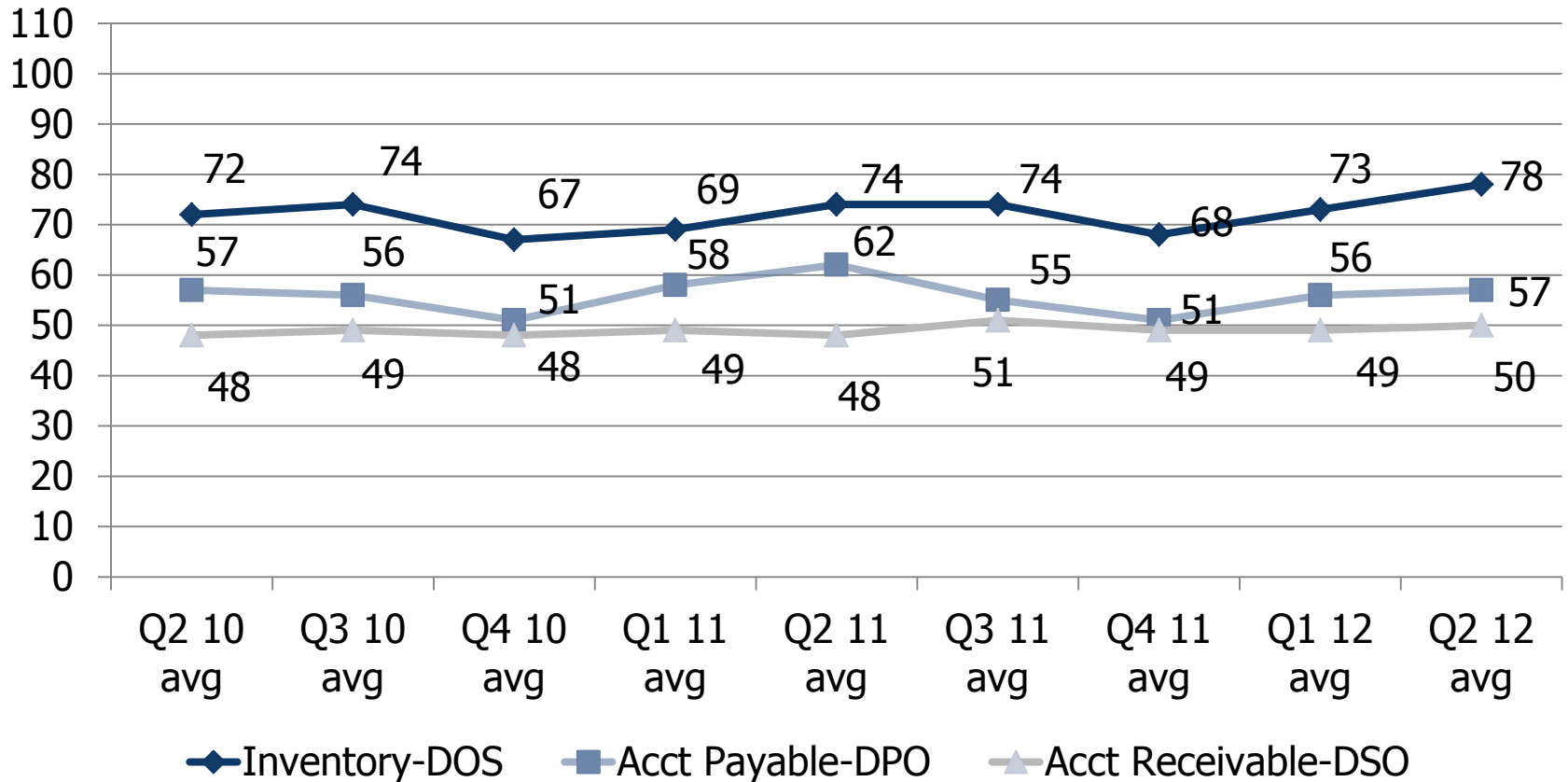
Q2 Sales Comparison

Sales Growth	-13%
Volume	-8%
Price	0%
Currency	-5%

On the basis before Coating Resins being classified as discontinued operations

Operating cash flows of \$48M in Q2 2012 vs. \$15M* in Q2 2011

Working Capital Days



*includes \$13.3M net cash used by operating activities related to our former Building Blocks Chemicals

Maintaining Liquidity

- CAPEX of \$39M in Q2 '12 vs. \$25M in Q2 '11. Estimate for full year CAPEX of \$200M for 2012 (on the basis before Coating Resins being classified as discontinued operations)
- Continued to suspend share repurchase in Q2 '12 due to Umeco acquisition for £274M (\$439M).
- Umeco acquisition funded with our cash and \$170M draw down from credit facility.
- Cash balance is up at \$591M vs. \$416 at 12/31/11 mostly due to \$170M credit facility draw down.

Outlook table in Millions (except per share amount)

Business Segment	Net Sales	Operating Earnings Guidance
Engineered Materials	\$880 to \$920	\$170 to \$180
In Process Separation	\$380 to \$390	\$85 to \$90
Additive Technologies	\$290 to \$300	\$40 to \$45
Corporate & Unallocated		\$87
Total	\$1,550 to \$1,610	\$208 to \$228
Other Expense, net		~\$2
Interest Expense, net		\$34
Income Tax Expense		30.5% - 33.5%
Adjusted Full Year Continuing EPS (July 19 press release)		\$2.45 to \$2.70
Umeco acquisition accretion (July 20 press release)		\$0.20
Adjusted Full Year Continuing EPS		\$2.65 to \$2.90
Adjusted Full Year Discontinued EPS		\$2.15 to \$2.20

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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 June 30, 2012 and 2011.

Period	Reported Net Earnings from continuing operations	Net Special Items	Non-GAAP Net Earnings from Continuing Operations Cytec	Reported Diluted Earnings Per Share from continuing operations	Net Special Items	Non-GAAP Diluted Earnings per Share from continuing operation
Q2'12	\$8.6	\$25.7	\$34.3	\$0.18	\$0.55	\$0.73
Q2'11	\$14.0	\$0.9	\$14.9	\$0.28	\$0.01	\$0.30

Period	Reported Cost of Sales	Net Special Items	As Adjusted Cost of Sales	GAAP Gross Margin	Net Special Items	As Adjusted Gross Margin
Q2'12	\$273.8	\$2.5	\$271.3	\$130.2	\$2.5	\$132.7
Q2'11	\$244.1	\$0.4	\$243.7	\$103.2	\$0.4	\$103.6