



## Third Quarter 2012 Earnings Review

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Dave Drillock – Vice President and CFO

October 19, 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 October 18, 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](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.

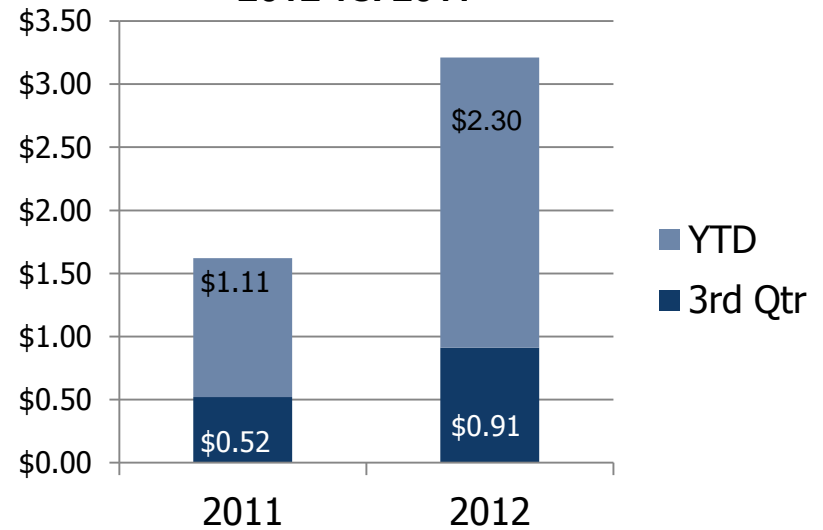
**3rd Quarter 2012**  
**Continuing Operations\***

Sales of \$455M

Earnings of \$42.8M or  
**\$0.91 per diluted share**  
*(excluding special items)*

\*Data on this slide is all based on  
 continuing operations

**Q3 As Adjusted EPS**  
**2012 vs. 2011**



- Sales up more than 25% primarily as a result of Umeco acquisition and solid volume growth in CEM and IPS
- Adjusted EPS increased 75% in Q3'12 vs. Q3'11
- Continue to leverage volume growth into higher earnings and margin

## Engineered Materials

\$M USD	Q3'12	Q3'11	% Δ
Sales	224.1	199.3	12%
Operating Earnings	40.5	30.0	35%

- Double-digit revenue growth driven by higher selling volumes across all commercial aerospace end markets and rotorcraft
- Leverage from higher selling volumes partially offset by higher spending to meet increased production levels

### Q3 Sales Comparison

<b>Sales Growth</b>	<b>12%</b>
Volume	9%
Price	3%
Currency	0%

## Umeco – As Adjusted

\$M USD	Q3'12	Q3'11	% Δ
Sales	66.8	N/A	N/A
Operating Earnings	2.9	N/A	N/A

- Sales below expectations due to softer demand in structural materials
- Operating earnings includes about \$1M of corporate allocations from Cytec

### Q3 Sales Comparison

<b>Sales Growth</b>	N/A
Volume	N/A
Price	N/A
Currency	N/A

## In Process Separation

\$M USD	Q3'12	Q3'11	% Δ
Sales	98.1	89.7	9%
Operating Earnings	24.4	17.3	41%

- Strong selling volumes for mining chemicals, notably in Eastern Europe and Africa
- Strong selling volumes for phosphine chemicals in North America
- Excellent earnings growth from selling high value added technologies

### Q3 Sales Comparison

<b>Sales Growth</b>	<b>9%</b>
Volume	4%
Price	5%
Currency	0%

## Additive Technologies

\$M USD	Q3'12	Q3'11	% Δ
Sales	66.4	74.4	-11%
Operating Earnings	9.6	12.8	-25%

- Lower selling volumes for specialty additives due to soft demand, particularly in North America and Europe
- Maintaining earnings margin despite soft demand

### Q3 Sales Comparison

<b>Sales Growth</b>	<b>-11%</b>
Volume	-9%
Price	1%
Currency	-3%

**Third Quarter 2012**

- **Continuing Operations (all in corporate and unallocated except inventory step-up):**
  - Administrative and General, and Manufacturing Cost of Sales includes pre-tax net restructuring charges of \$4.5M related to reductions in the stranded costs of acquired Umeco businesses.
  - Research and Process Development expense includes a pre-tax charge of \$0.7M for incremental accelerated depreciation related to the sale-leaseback transaction of our Stamford facility.
  - Administrative and General includes a pre-tax charge of \$4.3M related to Umeco acquisition costs.
  - Manufacturing Cost of sales includes a pre-tax charge of \$4.5M related amortization of inventory step-up
  - Other Income/Expense, net includes a pre-tax charge of \$1.1M related to an exchange loss in connection with the settlement of an acquired Umeco intercompany loan.
- **Discontinued Operations:**
  - A net pre-tax charge of \$4.5M related to costs associated with the sale process of Coating Resins.
  - A pre-tax non-cash charge of \$25.4M to record the estimated loss related to sale of Coating Resins.
  - A pre-tax restructuring charge of \$0.6M.
  - A pre-tax gain of \$21.4M related to the sale of our PSA product line to Henkel.
  - A pre-tax benefit of \$19.0M related to depreciation and amortization that are no longer required



**Third Quarter 2012**

- **As-Adjusted Continuing Comments** (ex special items):
  - Overall sales up by 25% primarily due to Umeco acquisition.
  - Gross profit dollars up 30% to \$139.9M and margin of 30.7% was higher by approximately 1 percentage point versus Q3'11
  - Gross margin increase supported by higher selling volumes and prices in Engineered Materials and In Process Separation
- **Continuing Costs Previously Allocated to Coating Resins (in corporate and unallocated):**
  - \$16M and \$51M for Q3 and YTD 2012, respectively. Primarily for corporate functions such as IT, HR, Legal, and Finance.
  - Expects \$15-\$16M for Q4 2012.
  - Up to 2/3 of annualized costs will be removed within 90 days of closing.
  - Targeting 3/4 of total annualized costs to be removed within 2 years of closing.
- **Tax:**
  - Underlying tax rate of 31.5%, essentially flat vs Q3'11.
  - Includes \$8.5M benefit related to the reversal of certain tax reserves due to the settlement of audits.

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

\$M USD	Q3'12	Q3'11	% Δ
Sales	364.3	415.0	-12%
Operating Earnings	24.3	19.7	23%
Discontinued Basis Operating Earnings	40.0	35.0	20%

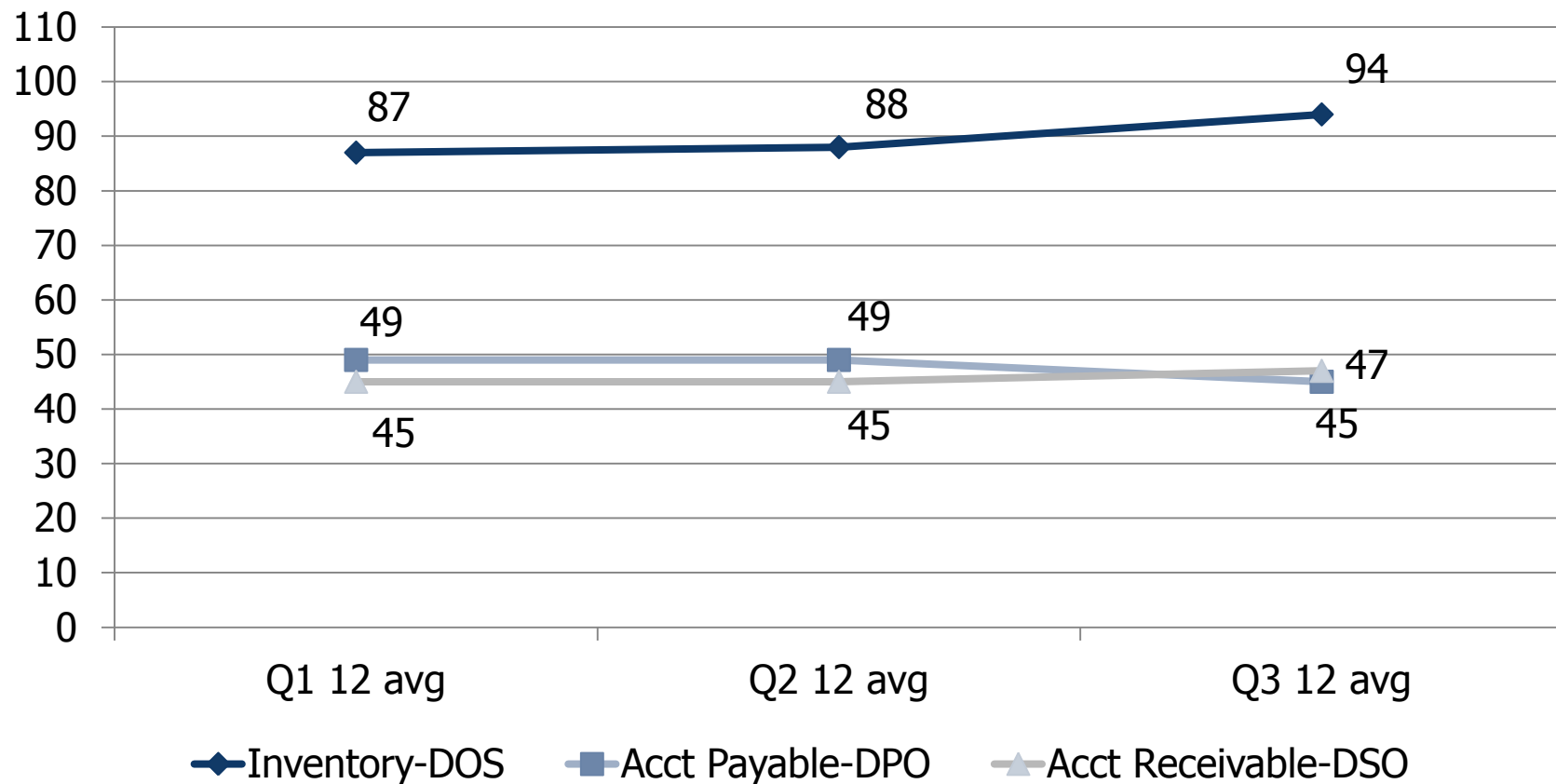
- Lower selling volumes across most product lines and regions, particularly in Europe
- Lower selling volumes partially attributable to product rationalization
- Lower raw materials, improved product mix, and lower spending supported margin expansion

### Q3 Sales Comparison

<b>Sales Growth</b>	<b>-12%</b>
Volume	-6%
Price	-1%
Currency	-5%

Excludes Coating Resins and Umeco

**Working Capital Days**



### Maintaining Liquidity

- CAPEX of \$49M in Q3 '12; Estimate full year 2012 CAPEX of \$200M
- Share repurchase authorization now expanded to \$650M
- Balance on \$170M draw down from credit facility is reduced to \$25M
- Investment grade ratings reaffirmed by Moody's and Standard and Poor's

Outlook table in Millions (except per share amount)

Business Segment	Net Sales	Operating Earnings Guidance
Engineered Materials	\$895 to \$905	\$163 to \$168
In Process Separation	\$385 to \$395	\$92 to \$96
Additive Technologies	\$270 to \$280	\$37 to \$39
Umeco	\$155 to \$160	\$7 to \$9
Corporate & Unallocated		\$85
Total	\$1,705 to \$1,740	\$214 to \$227
Other Expense, net		~\$2
Interest Expense, net		\$30
Income Tax Expense		30.5% - 32.5%
<b>Adjusted Full Year Continuing EPS*</b>		<b>\$2.84 to \$3.03</b>

\* Includes \$0.18 per diluted share benefit related to reversal of tax reserves due to the settlement of US tax audits for prior years

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# CYTEC

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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 September 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
Q3'12	\$31.0	\$11.8	\$42.8	\$0.66	\$0.25	\$0.91
Q3'11	\$25.4	\$0.1	\$25.5	\$0.52	\$0.00	\$0.52

Period	Reported Cost of Sales	Net Special Items	As Adjusted Cost of Sales	GAAP Gross Margin	Net Special Items	As Adjusted Gross Margin
Q3'12	\$320.8	\$5.3	\$315.5	\$134.6	\$5.3	\$139.9
Q3'11	\$256.0	\$0.2	\$255.8	\$107.4	\$0.2	\$107.6

## Operating Earnings Analysis by Quarter (unaudited)

	First Quarter 2011				Second Quarter 2011			
	Previously Reported	Less: CR Results	Corporate Allocation	Restated for Disc Ops	Previously Reported	Less: CR Results	Corporate Allocation	Restated for Disc Ops
Engineered Materials	\$ 25.1			\$ 25.1	\$ 28.1			\$ 28.1
In-Process Separation	16.4			16.4	15.6			15.6
Additive Technologies	8.4			8.4	10.6			10.6
Coating Resins	20.0	(20.0)		-	30.0	(30.0)		-
<b>Earnings from Segments</b>	<b>\$ 69.9</b>	<b>\$ (20.0)</b>	<b>\$ -</b>	<b>\$ 49.9</b>	<b>\$ 84.3</b>	<b>\$ (30.0)</b>	<b>\$ -</b>	<b>\$ 54.3</b>
Corporate and Unallocated, net	(1.9)		\$ (17.0)	\$ (18.9)	(17.3)		\$ (4.8)	\$ (22.1)
<b>Total Earnings from Operations</b>	<b>\$ 68.0</b>	<b>\$ (20.0)</b>	<b>\$ (17.0)</b>	<b>\$ 31.0</b>	<b>\$ 67.0</b>	<b>\$ (30.0)</b>	<b>\$ (4.8)</b>	<b>\$ 32.2</b>
	Third Quarter 2011				Fourth Quarter 2011			
	Previously Reported	Less: CR Results	Corporate Allocation	Restated for Disc Ops	Previously Reported	Less: CR Results	Corporate Allocation	Restated for Disc Ops
Engineered Materials	\$ 30.0			\$ 30.0	\$ 41.6			\$ 41.6
In-Process Separation	17.3			17.3	20.4			20.4
Additive Technologies	12.8			12.8	7.6			7.6
Coating Resins	19.7	(19.7)		-	(0.4)	0.4		-
<b>Earnings from Segments</b>	<b>\$ 79.8</b>	<b>\$ (19.7)</b>	<b>\$ -</b>	<b>\$ 60.1</b>	<b>\$ 69.2</b>	<b>\$ 0.4</b>	<b>\$ -</b>	<b>\$ 69.6</b>
Corporate and Unallocated, net	(7.9)		\$ (6.4)	\$ (14.3)	(3.8)		\$ (19.5)	\$ (23.3)
<b>Total Earnings from Operations</b>	<b>\$ 71.9</b>	<b>\$ (19.7)</b>	<b>\$ (6.4)</b>	<b>\$ 45.8</b>	<b>\$ 65.4</b>	<b>\$ 0.4</b>	<b>\$ (19.5)</b>	<b>\$ 46.3</b>

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