Earnings Disclosure

Cytec Announces Fourth Quarter and Full Year 2012 Results

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Fourth Quarter As-Adjusted Continuing EPS of $0.72;
Fourth Quarter As-Adjusted Total EPS of $1.10; Up 28%
Full Year As-Adjusted Continuing EPS of $3.02
Full Year As-Adjusted Total EPS of $5.45 up 20%

WOODLAND PARK, N.J., January 31, 2013 -- Cytec Industries Inc. (NYSE: CYT) announced today net earnings attributable to Cytec for the fourth quarter 2012 of $45.8 million or $0.99 per diluted share. Net sales from continuing operations were $470.7 million. Earnings from continuing operations were $21.4 million or $0.46 per diluted share. Earnings from discontinued operations were $25.1 million or $0.54 per diluted share. Net earnings attributable to non-controlling interests (which are associated with the discontinued operations) were $0.7 million or $0.01 per diluted share. Included in the quarter are several special items that total $5.4 million of net charges after-tax, or $0.11 per diluted share, and are outlined further in this release ($0.26 of net expense attributable to continuing operations and $0.15 of net benefit attributable to discontinued operations). Excluding these special items, net earnings attributable to Cytec were $51.2 million or $1.10 per diluted share, earnings from continuing operations were $33.5 million or $0.72 per diluted share, and earnings from discontinued operations were $17.7 million or $0.38 per diluted share.

Net earnings attributable to Cytec for the fourth quarter of 2011 were $41.6 million or $0.88 per diluted share. Net sales from continuing operations were $369.5 million. Earnings from continuing operations were $30.0 million or $0.64 per diluted share. Earnings from discontinued operations were $12.6 million or $0.26 per diluted share. Net earnings attributable to non-controlling interests (which are associated with the discontinued operations) were $1.0 million or $0.02 per diluted share. Included in the quarter were several special items that totaled $1.3 million of net benefit after-tax or $0.02 per diluted share ($0.03 of net expense attributable to continuing operations and $0.05 of net benefit attributable to discontinued operations). Excluding the special items, earnings attributable to Cytec were $40.3 million or $0.86 per diluted share, earnings from continuing operations were $31.4 million or $0.67 per diluted share, and earnings from discontinued operations were $8.9 million or $0.19 per diluted share.

Shane Fleming, Chairman, President and Chief Executive Officer commented, "Our fourth quarter results reflect the continued solid performance of our Engineered Materials and In Process Separation segments, delivering higher selling volumes and prices versus the same period a year ago. In the Additive Technologies segment, demand remained weak for certain specialty additive products in North America and Europe yet we were able to maintain good operating margins. Overall, our sales in continuing operations were up 27% over the prior year, mostly due to our Umeco acquisition."

Mr. Fleming continued, "We remain on track for a first quarter close of our Coating Resins business divestiture and are awaiting final regulatory approvals."

Cytec Engineered Materials sales increased 9% to $231.0 million; Operating Earnings decreased to $41.2 million.
In Engineered Materials, selling volumes increased by 5% versus the fourth quarter 2011 mostly driven by higher build rates in the large commercial transport and civil rotorcraft sectors. Higher selling prices increased sales by 4%.

Operating earnings of $41.2 million were down versus earnings of $41.6 million in the prior year quarter, primarily due to higher spending in manufacturing to support the higher growth levels and lower fixed costs absorption resulting from planned inventory reductions. These unfavorable impacts were partially offset by higher selling prices and volumes. Prior year quarter results also included approximately $2.7 million of one-time retroactive price increase adjustments.

Cytec's newly acquired business, Umeco, reported sales of $83.3 million and as-adjusted operating earnings of $3.8 million.
On July 20, 2012, we completed the purchase of our previously announced acquisition of Umeco Plc. Sales in the Process Materials (vacuum bagging) product line were in-line with our expectations and sales of Structural Materials fell short of our expectations by approximately $4.5 million, mostly in Europe, and primarily due to sales orders deferred into 2013 and softer demand in high-end automotive programs.

As-adjusted operating earnings were $3.8 million for the quarter (which excludes $1.1 million of amortization of inventory step-up) as the impact from lower selling volumes of structural materials products was partially offset by lower operating costs.

Cytec In Process Separation sales increased 5% to $94.2 million; Operating Earnings decreased to $17.4 million.
In Process Separation selling volumes increased by 1% versus the fourth quarter of 2011. Solid demand for mining products related to copper and other base metals were partially offset by soft demand in the alumina market as well as lower sales of phosphine chemicals due largely to a planned maintenance turnaround in our phosphine plant. Higher selling prices increased sales by 4%.

Operating earnings were $17.4 million versus $20.4 million in the prior year quarter, with the shortfall principally due to higher manufacturing costs associated with the phosphine plant turnaround, targeted inventory control, increased operating expenses to support future growth in the segment, and a less favorable product mix.

Cytec Additive Technologies sales decreased 7% to $62.2 million; Operating Earnings increased to $8.2 million.
In Additive Technologies, overall selling volumes were down 6% versus the fourth quarter 2011 primarily due to lower demand for specialty additive products in North America and Europe. The impact of exchange rates decreased sales by 1%.

Operating earnings of $8.2 million were up versus $7.5 million in the fourth quarter of 2011. The higher earnings mostly resulted from a favorable product mix and lower raw material costs.

Corporate and Unallocated

For the three months and full year ended December 31, 2012, continuing costs previously allocated to Coating Resins but now included as part of corporate and unallocated were $16.0 and $66.5 million, respectively. For the three months and full year ended December 31, 2011, these costs were $15.9 and $66.0 million, respectively.

Discontinued Operations
The Coating Resins segment is classified as discontinued operations. The following covers Coating Resins sales and earnings as they would have been reported if they had not been required to be classified as discontinued operations. Sales were $324.1 million, down 10% in the fourth quarter 2012 versus $361.3 million in the same period 2011. Selling volumes were down 2% excluding the impact of the divestiture of the pressure sensitive adhesives business of 5%. Selling prices were down 1% year over year and the impact of changes in exchange rates decreased sales by 2%. Operating earnings increased to $11.9 million versus operating loss of $0.4 million in the fourth quarter of 2011.

Special Items
In the fourth quarter of 2012 a number of special items were recorded in continuing operations that resulted in a net pre-tax charge of $24.7 million ($12.1 million expense after-tax) as follows:

> Included in Corporate Unallocated as Research and process development expense is a pre-tax charge of $0.4 million ($0.2 million after-tax or $0.00 per diluted share) related to incremental accelerated depreciation related to the sale-leaseback transaction of our research and development facility in Stamford, Connecticut in the third quarter of 2011.

Included in Corporate Unallocated as Administrative and general expense is a pre-tax charge of $1.2 million ($1.0 million after-tax or $0.02 per diluted share) related to Umeco acquisition costs. For tax purposes, these costs will be predominantly capitalized as part of the transaction.

Included in Corporate Unallocated, principally in Administrative and general and Selling and technical services, is pre-tax net restructuring charges of $5.3 million ($3.6 million after-tax or $0.08 per diluted share) primarily related to initiatives to reduce stranded costs resulting from the sale of Coating Resins and personnel reductions in the acquired Umeco business.

Included in the Umeco segment as Manufacturing cost of sales is a pre-tax charge of $1.1 million ($0.7 million after-tax or $0.01 per diluted share) related to a purchase accounting adjustment for the difference between assigning a fair value to the acquired Umeco finished goods inventory at the date of acquisition and normal manufacturing cost.

Included in (Loss)/Gain on sale of assets is a pre-tax loss of $16.7 million ($10.5 million after-tax or $0.23 per diluted share) related to the aforementioned sale-lease back transaction in Stamford. The recognition of the sale was previously deferred due to an open environmental obligation. The transaction was recognized as a sale upon the satisfactory completion of our obligation in the fourth quarter of 2012, and as a result, we recognized the loss for the remaining excess carrying value.

Included in Income tax (benefit)/provision is $3.9 million of income tax benefit ($0.08 per diluted share) related to a revision of our previously accrued estimated income tax liability on the unrepatriated earnings of certain foreign subsidiaries as a result of the intended sale of our Coating Resins segment. Such revision is primarily due to changes in the tax attributes of certain foreign subsidiaries.

In addition, a number of special items were recorded to discontinued operations that resulted in a net pre-tax benefit of $11.1 million ($6.7 million benefit after-tax).

In the fourth quarter of 2011 a number of special items were recorded in continuing operations that resulted in a net pre-tax charge of $2.2 million ($1.4 million expense after-tax) as follows:

Included in Corporate and Unallocated principally in Manufacturing cost of sales is a pre-tax restructuring charge of $0.1 million ($0.1 million after-tax or $0.00 per diluted share).

Included in Corporate Unallocated as Research and process development expense is a pre-tax charge of $0.7 million ($0.4 million after-tax or $0.01 per diluted share) related to incremental accelerated depreciation related to the sale-leaseback transaction of our research and development facility in Stamford, Connecticut in the fourth quarter of 2011.

Included in Manufacturing cost of sales and Other expense, net is a pre-tax charge of $1.4 million ($0.9 million after-tax or $0.02 per diluted share) related to adjustments to environmental liabilities at our active and inactive locations.

In addition, a number of special items were recorded to discontinued operations that resulted in a net pre-tax benefit of $3.9 million ($2.7 million benefit after-tax).

Income Tax (Benefit)/Expense

The income tax benefit related to continuing operations for the fourth quarter of 2012 was $4.1 million, compared with a tax expense of $7.7 million in the fourth quarter of 2011. Included in the income tax benefit for the fourth quarter of 2012 is a tax benefit of $3.1 million or $0.07 per diluted share related to the expiration of the statute of limitations in certain international tax jurisdictions. Excluding this item and the impact from the special items previously noted, the overall underlying annual tax rate for the fourth quarter of 2012 was 30.6% versus the underlying annual tax rate in the fourth quarter of 2011 of 28.6%. The overall underlying annual tax rate for the quarter of 30.6% is lower than the 31.5% estimated rate at the end of the third quarter of 2012. The favorable impact of the lower rate related to the first nine months of 2012 was about $1.3 million or $0.03 per diluted share.

Cash Flow

David Drillock, Vice President and Chief Financial Officer commented, "On a continuing basis, our average net working capital days during the quarter were down 12 days at 83 days compared to the third quarter of 2012.

Average accounts receivable and payable days were up 1 day and 2 days, respectively, compared with the third quarter of 2012. Average inventory days were down 10 days to 82 days compared with the third quarter of 2012, mostly due to aforementioned inventory reduction in Engineered Materials and also in In Process Separation.

"Capital spending for continuing operations in the quarter was $61million with majority of the spending attributable to our growth platforms. Our expectation for capital spending for the full year 2013 is approximately $300 million, mostly related to previously announced manufacturing capacity expansions in the Engineered Materials and In Process Separation segments."

2013 Outlook

Mr. Fleming commented, "2012 was a transformational year for Cytec and we continue to make excellent progress on the Umeco integration and Coating Resins separation activities. As we mentioned previously, we are planning for a change in our business segment reporting structure to align our composite material resources, assets and strategy with target end markets (Aerospace and Industrial). Our guidance for 2013 full year adjusted diluted earnings per share for continuing operations is in a range of $4.70 to $4.95 on sales from continuing operations of approximately $2.0 billion. This guidance assumes a March 31st closing of the Coating Resins sale. The timing of the closing will impact our share repurchase plan, actions on stranded cost reductions, and reallocation of remaining stranded costs back to the operating segments. Given a first quarter close of the Coating Resins transaction, we plan to provide detailed 2013 guidance under the new business segments when we release our first quarter results in April."

"Overall, I expect 2013 to be a year of continued growth across our portfolio of businesses. We expect Engineered Materials growth of about 10% with estimated annual sales in a range of $975 million to $1,005 million, driven by build rates in the large commercial transport and business jet sectors. Expected growth in the industrial composites markets will be moderated by macroeconomic conditions, particularly in Europe. Our estimated annual sales for the Umeco business are in the range of $315 million to $335 million. We expect In Process Separation growth of approximately 10% with estimated annual sales in the range of $410 million to $430 million, supported by increased base metal demand and the expanded use of our new technologies as we continue to penetrate new markets and geographies. We anticipate modest growth in Additive Technologies of about 3-4% with an estimate sales range of $275 million to $285 million as the business still faces macroeconomic headwinds in certain markets but has the ability to grow in the differentiated product lines. Therefore, despite the modest growth outlook for the global economy in 2013, I remain optimistic about Cytec's growth potential given our new company profile and the opportunities in our composites and specialty chemicals businesses. We remain focused on executing our strategic initiatives to deliver growth and create value for our shareholders."

Full Year Results

Net earnings attributable to Cytec for the full year ended December 31, 2012 were $188.0 million or $4.02 per diluted share on net sales from continuing operations of $1,708.1 million. Earnings from continuing operations were $91.3 million or $1.95 per diluted share. Earnings from discontinued operations were $98.8 million or $2.11 per diluted share. Net earnings attributable to noncontrolling interests (which are associated with the discontinued operations) were $2.1 million or $0.04 per diluted share.

Special Items

During the full year ended December 31, 2012, a number of special items were recorded in continuing operations that resulted in net pre-tax charges of $55.4 million ($49.9 million after-tax) as follows:

> Included in Corporate and Unallocated as Research and process development is a pre-tax charge of $2.5 million ($1.5 million after-tax or $0.03 per diluted share) related to incremental accelerated depreciation related to the sale-leaseback transaction of our research and development facility in Stamford, Connecticut in the third quarter of 2011.
>
> Included in Corporate and Unallocated as Administrative and general expense is a pre-tax charge of $8.4 million ($8.2 million after-tax or $0.18 per diluted share) related to Umeco acquisition costs. For tax purposes, these costs will be predominantly capitalized as part of the transaction.
>
> Included in Corporate and Unallocated principally in Administrative and general and Manufacturing cost of

sales are pre-tax net restructuring charges of $21.2 million ($14.6 million after-tax or $0.31 per diluted share) primarily related to initiatives to reduce stranded costs resulting from the sale of Coating Resins and personnel reductions in the acquired Umeco business.

Included in the Umeco segment as Manufacturing cost of sales is a pre-tax charge of $5.6 million ($3.8 million after-tax or $0.08 per diluted share) related to purchase accounting for the difference between assigning a fair value to the acquired Umeco finished goods inventory at the date of acquisition and normal manufacturing cost.

Included in Other expense, net is a pre-tax charge of $1.1 million ($0.7 million after-tax or $0.01 per diluted share) related to an exchange loss recorded in connection with an acquired Umeco intercompany loan which was settled after the acquisition.

Included in the Income tax (benefit)/provision is $10.6 million of income tax expense ($0.23 per diluted share) related to the sale process of our Coating Resins segment. Accounting rules require establishing a tax liability on the unrepatriated earnings of foreign subsidiaries if it is management's intention to no longer permanently reinvest such earnings. As a result of the intended sale of Coatings Resins, management's intentions changed with regard to a portion of the unrepatriated earnings of certain foreign subsidiaries. Therefore, included in the $10.6 million is $3.1 million of tax expense incurred due to the repatriation of certain earnings during 2012 and an estimated $7.5 million to be incurred on the future repatriation of other earnings, subsequent to the sale of Coating Resins.

Included in (Loss)/Gain on sale of assets is a pre-tax loss of $16.7 million ($10.5 million after-tax or $0.23 per diluted share) related to the aforementioned sale-lease back transaction in Stamford. The recognition of the sale was previously deferred due to an open environmental obligation. The transaction was recognized as a sale upon the satisfactory completion of our obligation in the fourth quarter of 2012, and as a result, we recognized the loss for the remaining excess carrying value.

In addition, a number of special items were recorded in discontinued operations that resulted in a net pre-tax benefit of $4.4 million ($17.3 million expense after-tax).

Excluding these special items, net earnings attributable to Cytec were $255.2 million or $5.45 per diluted share, earnings from continuing operations were $141.2 million or $3.02 per diluted share, and earnings from discontinued operations were $114.0 million or $2.43 per diluted share.

Net earnings for the full year ended December 31, 2011 were $207.8 million or $4.24 per diluted share on net sales from continuing operations of $1,415.9 million. Earnings from continuing operations were $84.0 million or $1.71 per diluted share. Earnings from discontinued operations were $126.9 million or $2.59 per diluted share. Net earnings attributable to non-controlling interests (which are associated with the discontinued operations) were $3.1 million or $0.06 per diluted share.

For the full year ended December 31, 2011, a number of special items were recorded in continuing operations that resulted in net pre-tax charges of $4.0 million ($2.4 million expense after-tax) as follows:

Included in Corporate and Unallocated principally in Manufacturing cost of sales is a pre-tax net restructuring charge of $0.8 million ($0.5 million after-tax or $0.01 per diluted share).

Included in Corporate and Unallocated as Research and process development is a pre-tax charge of $0.7 million ($0.4 million after-tax or $0.01 per diluted share) related to incremental accelerated depreciation related to the sale-leaseback transaction of our research and development facility in Stamford, Connecticut in the third quarter of 2011.

Included in (Loss)/Gain on sale of assets is a pre-tax gain of $3.3 million ($2.1 million after-tax or $0.04 per diluted share) related to a sale of land at our manufacturing site in Colombia which was shutdown in the second half of 2009.

Included primarily in Other expense, net is a pre-tax charge of $5.8 million ($3.6 million after-tax or $0.07 per diluted share) related to an increase in the environmental liability at inactive sites for updated estimates of future remedial costs.

In addition, a number of special items were recorded to discontinued operations that resulted in a net pre-tax charge of $16.3 million ($11.4 million expense after-tax).

Excluding these special items, net earnings attributable to Cytec were $221.6 million or $4.52 per diluted share, earnings from continuing operations were $86.4 million or $1.76 per diluted share, and earnings from discontinued operations were $135.2 million or $2.76 per diluted share.

Income Tax Expense
Income tax expense related to continuing operations for the full year 2012 was $40.1 million, compared with a tax expense of $30.3 million in the full year 2011. Included in income tax expense for 2012 is a tax benefit of $11.6 million or $0.25 per diluted share related to the reversal of tax reserves primarily due to the settlement of U.S. tax audits and the expiration of the statute of limitations in certain international tax jurisdictions.

Investor Conference Call to be Held on Friday, February 1, 2013 at 11:00am ET
Cytec will host their fourth quarter earnings release conference call on February 1, 2013 at 11:00am ET. The conference call will also be simultaneously webcast for all investors from Cytec's website. Select the Investor Relations page to access the live webcast.

Use of Non-GAAP Measures

Management believes that net earnings from continuing operations attributable to Cytec and earnings from discontinued operations, excluding special items and diluted earnings per share (continuing operations attributable to Cytec and earnings from discontinued operations) excluding special items, which are non-GAAP measurements, are meaningful to investors because they provide a view of the Company with respect to ongoing operating results. Special items represent significant charges or credits that are important to an understanding of the Company's overall operating results in the period presented. Such non-GAAP 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. A reconciliation of GAAP to non-GAAP measurements can be found at the end of this release.

Forward-Looking and Cautionary Statements
Except for the historical information and discussions contained herein, statements contained in this release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Achieving the results described in these statements involves a number of risks, uncertainties and other factors that could cause actual results to differ materially, as discussed in Cytec's filings with the Securities and Exchange Commission.

Corporate Profile

Cytec's vision is to deliver specialty material and chemical technologies beyond our customers' imagination. Our focus on innovation, advanced technology and application expertise enables us to develop, manufacture and sell products that change the way our customers do business. Our pioneering products perform specific and important functions for our customers, enabling them to offer innovative solutions to the industries that they serve. Our products serve a diverse range of end markets including aerospace and industrial materials, mining and plastics.

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Q4 2012 Financial Tables

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