



Fourth Quarter 2012 Earnings Review

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Dave Drillock – Vice President and CFO

February 1, 2013

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 2013 sales and earnings. These were included in our January 31, 2013 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 2013 sales and as-adjusted earnings per share 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.

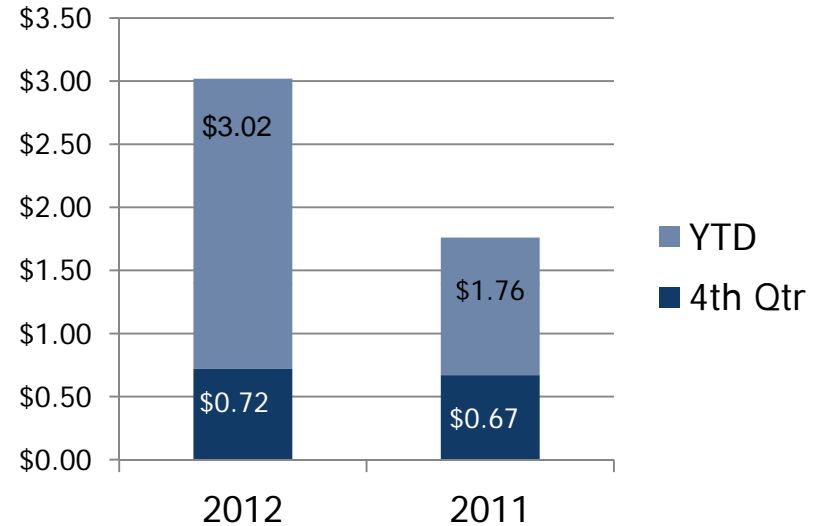
In sections of this presentation certain “non-GAAP” measures are provided and identified as such. We believe that the “non-GAAP” measures can more accurately reflect comparisons of year to year trends and is consistent with how we review the information. A reconciliation of “non-GAAP” measures to the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

4th Quarter 2012 Continuing Operations*

Sales of \$471M

Earnings of \$33.5M or
\$0.72 per diluted share
(excluding special items)

**As Adjusted EPS
2012 vs. 2011**



- Sales up more than 27% in Q4 primarily as a result of Umeco acquisition
- Full year 2012 sales up 21%, Umeco acquisition added 11%
- 2012 Q4 EPS up 7.5% vs. 2011
- Full year 2012 EPS up 72% vs. 2011

*Data on this slide is all based on continuing operations

Engineered Materials

\$M USD	Q4'12	Q4'11	% Δ
Sales	231.0	212.9	9%
Operating Earnings	41.2	41.6	-1%

- Revenue growth driven by higher selling volumes and prices across large commercial aerospace and civil rotorcraft sectors.
- Earnings impacted by:
 - Higher manufacturing costs from increased headcount
 - Targeted inventory reduction actions.
 - Prior year quarter includes one-time retroactive price increase adjustment of \$2.7M.

Q4 Sales Comparison YoY

Sales Growth	9%
Volume	5%
Price	4%
Currency	0%

Umeco – As Adjusted

\$M USD	Q4'12	Q4'11	% Δ
Sales	83.3	N/A	N/A
Operating Earnings	3.8	N/A	N/A

- Process Materials sales held steady for aerospace sector but weak for U.S. wind sector
- Structural materials sales impacted by weak demand in industrial sectors particularly in Europe and sales deferral into 2013.

In Process Separation

\$M USD	Q4'12	Q4'11	% Δ
Sales	94.2	89.5	5%
Operating Earnings	17.4	20.4	-15%

- Increased selling volumes for mining chemicals in Eastern Europe and Africa offset by lower phosphine volumes.
- Earnings impacted by:
 - Higher commercial expenses to support growth initiatives
 - Planned plant maintenance
 - Targeted inventory control efforts
 - Unfavorable product mix

Q4 Sales Comparison YoY

Sales Growth	5%
Volume	1%
Price	4%
Currency	0%

Additive Technologies

\$M USD	Q4'12	Q4'11	% Δ
Sales	62.2	67.1	-7%
Operating Earnings	8.2	7.5	9%

- Lower selling volumes due to soft demand in North America, South America, and Europe.
- Higher operating earnings despite lower selling volumes as we maintained price with lower raw material costs.

Q4 Sales Comparison YoY

Sales Growth	-7%
Volume	-6%
Price	0%
Currency	-1%

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- **Continuing Operations (all in corporate and unallocated except inventory step-up):**
 - Research and process development includes a pre-tax charge of \$0.4M related to incremental accelerated depreciation related to the sale-leaseback transaction of our research and development facility.
 - Administrative and general expense includes a pre-tax charge of \$1.2M related to Umeco acquisition costs.
 - Administrative and general and Selling and technical services include pre-tax net restructuring charges of \$5.3M primarily related to initiatives to reduce stranded costs.
 - Umeco segment's Manufacturing cost of sales includes a pre-tax charge of \$1.1M related to an amortization of inventory step-up.
 - (Loss)/Gain on sale of assets includes a pre-tax loss of \$16.7M related to the aforementioned sale-lease back transaction in Stamford. The transaction was recognized as a sale upon the satisfactory completion of our obligation in the fourth quarter of 2012.
 - Income tax (benefit)/provision includes \$3.9M of income tax benefit 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.

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- **As-Adjusted Continuing Comments (ex special items):**
 - Gross profit dollars up 17% to \$138.2M and margin of 29.3% was lower by approximately 2.5 percentage point versus Q4'11 due to:
 - Less favorable product mix in IPS and Umeco
 - Planned maintenance turnaround at our phosphine plant
 - Reduced fixed cost absorptions from targeted inventory reduction efforts at Engineered Materials and In Process Separation
 - Higher manufacturing expenses to support higher demand and future growth
- **Continuing Costs Previously Allocated to Coating Resins (in corporate and unallocated):**
 - \$16M and \$66M for Q4 and YTD 2012, respectively. Primarily for corporate functions such as IT, HR, Legal, and Finance.
 - 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.
 - Stranded costs to be re-allocated back to remaining segments when Coating Resins divestiture is finalized.

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- **As-Adjusted Continuing Comments** (ex special items):
 - Operating expenses as percentage of sales is flat vs. Q4 '11 but higher by \$20M mostly due to Umeco. Remainder relates to higher R&D and commercial expenses within our growth platforms.

- **Tax** (ex special items):
 - Q4 2012 includes a tax benefit of \$3.1M related to the expiration of the statute of limitations in certain international tax jurisdictions.
 - Excluding the tax benefit above and special items, 2012 underlying full year tax rate of 30.6% was higher vs. 2011 full year tax rate of 28.6%
 - Higher underlying full year tax rate in 2012 vs. 2011 mostly due to shift in earnings mix and expiration of favorable tax laws.

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

\$M USD	Q4'12	Q4'11	% Δ
Sales	324.1	361.3	-10%
Operating Earnings	11.9	-0.4	N/A

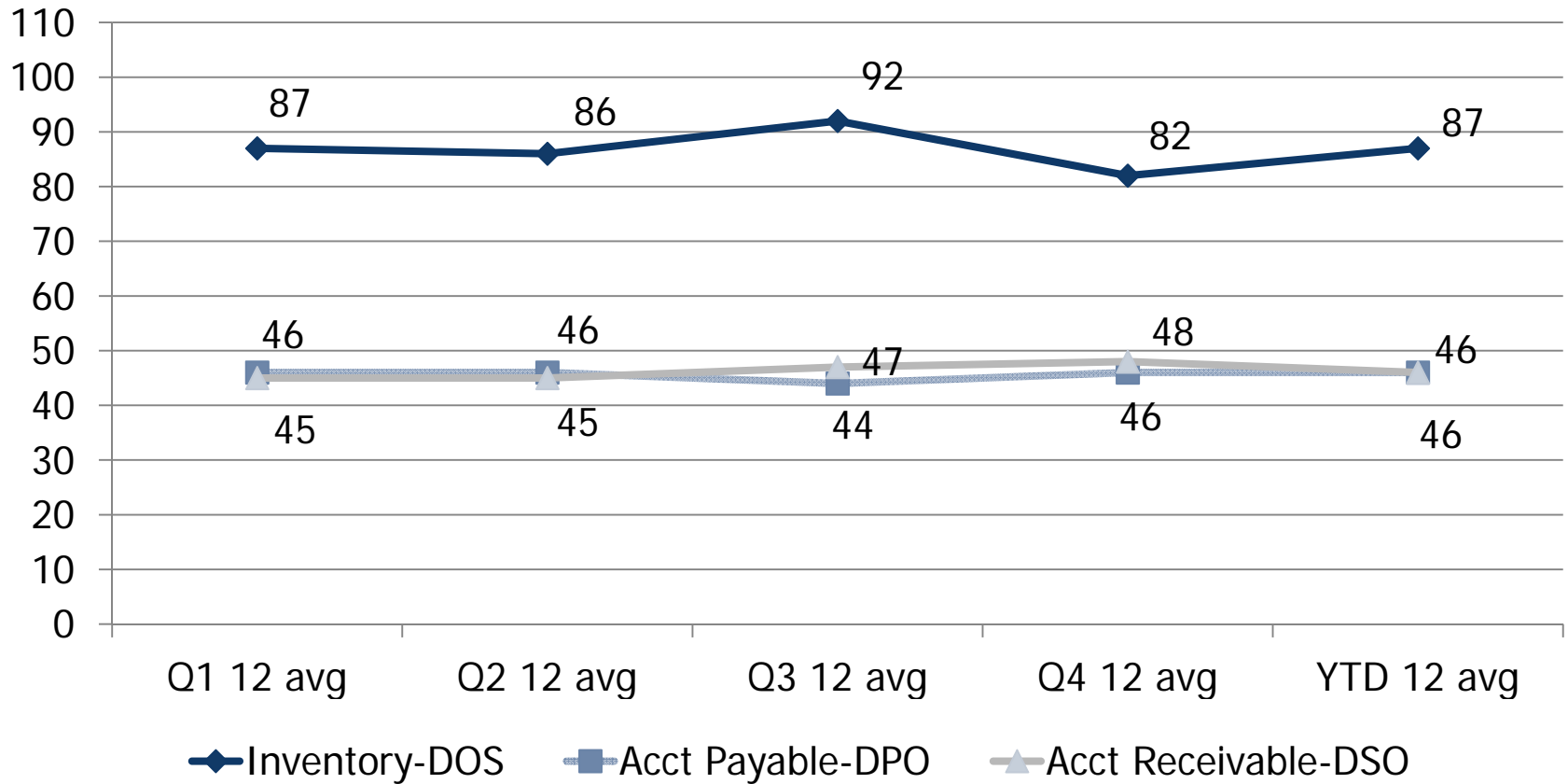
- Lower selling volumes across most product lines and regions, particularly in Europe
- Lower raw materials, improved product mix, and lower spending supported margin expansion improved earnings

Q4 Sales Comparison YoY

Sales Growth	-10%
Divestiture	-5%
Volume	-2%
Price	-1%
Currency	-2%

Working Capital Days

Continuing operating cash flow of \$73.7M in Q4 '12 vs. \$41.3M in Q4 '11



Maintaining Liquidity

- Continuing CAPEX of \$61M in Q4 '12; Estimated full year 2013 CAPEX of \$300M
- Q4 share repurchase of \$100M or 1.5M shares. Remaining authorization of \$550M
- Draw down on credit facility to fund share repurchase with a balance of \$62M at year-end

Continuing to maintain strong balance sheet

Outlook table in Millions (except per share amount)

Business Segment	Estimated Net Sales
Engineered Materials	\$975 to \$1,005
Umeco	\$315 to \$335
In Process Separation	\$410 to \$430
Additive Technologies	\$275 to \$285
Total	\$1,975 to \$2,055
Adjusted Full Year Continuing EPS	\$4.70 to \$4.95

Detailed 2013 guidance to be provided in April 2013 with new business segmentation



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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, 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 operations
Q4'12	\$21.4	\$12.1	\$33.5	\$0.46	\$0.26	\$0.72
Q4'11	\$30.0	\$1.4	\$31.4	\$0.64	\$0.03	\$0.67

Period	Reported Cost of Sales	Net Special Items	As Adjusted Cost of Sales	GAAP Gross Margin	Net Special Items	As Adjusted Gross Margin
Q4'12	\$334.1	\$1.5	\$332.6	\$136.6	\$1.5	\$138.2
Q4'11	\$252.6	\$0.7	\$251.9	\$116.9	\$0.7	\$117.6