

**CYTEC INDUSTRIES INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)  
(Dollars in millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Net sales	\$ 963.0	\$ 875.1	\$ 2,941.7	\$2,602.6
Manufacturing cost of sales	765.8	683.8	2,334.6	2,045.6
Selling and technical services	57.4	52.3	176.1	155.3
Research and process development	19.2	18.0	62.5	55.5
Administrative and general	30.8	29.2	89.6	84.4
Amortization of acquisition intangibles	10.0	9.7	30.4	28.6
Gain on sale of assets held for sale	-	-	-	15.7
Earnings from operations	79.8	82.1	248.5	248.9
Other (expense) income, net	(2.1)	(1.4)	1.0	0.1
Equity in earnings of associated companies	0.4	0.5	1.4	0.9
Interest expense, net	8.7	10.4	27.8	31.9
Earnings before income taxes	69.4	70.8	223.1	218.0
Income tax provision	23.1	18.4	71.1	59.1
Net earnings	\$ 46.3	\$ 52.4	\$ 152.0	\$ 158.9
Basic net earnings per common share	\$ 0.97	\$ 1.09	\$ 3.17	\$ 3.30
Diluted net earnings per common share	\$ 0.96	\$ 1.06	\$ 3.12	\$ 3.23
Dividends per common share	\$ 0.125	\$ 0.10	\$ 0.375	\$ 0.30
Weighted average shares outstanding (in thousands):				
Basic	47,819	48,186	47,925	48,167
Diluted	48,440	49,331	48,681	49,246

**CYTEC INDUSTRIES INC. AND SUBSIDIARIES**  
**CONSOLIDATED NET SALES AND EARNINGS FROM OPERATIONS BY BUSINESS SEGMENT**  
(Millions of dollars)

	Three Months Ended September 30,				Nine months ended September 30,							
	2008		2007		2008		2007					
<u>Net sales</u>												
Cytec Surface Specialties	\$	434.0	\$	413.0	\$	1,356.6	\$	1,237.0				
Cytec Performance Chemicals												
Sales to external customers		198.9		180.7		583.0		544.6				
Intersegment sales		0.3		1.1		1.1		4.8				
Cytec Engineered Materials		191.2		162.2		584.5		492.3				
Building Block Chemicals												
Sales to external customers		138.9		119.2		417.6		328.7				
Intersegment sales		3.6		8.8		15.9		26.8				
Net sales from segments		966.9		885.0		2,958.7		2,634.2				
Elimination of intersegment revenue		(3.9)		(9.9)		(17.0)		(31.6)				
<b>Net sales</b>	<b>\$</b>	<b>963.0</b>	<b>\$</b>	<b>875.1</b>	<b>\$</b>	<b>2,941.7</b>	<b>\$</b>	<b>2,602.6</b>				
		% of		% of		% of		% of				
		sales		sales		sales		sales				
<u>Earnings (loss) from operations</u>												
Cytec Surface Specialties (1)	\$	22.2	5%	\$	31.2	8%	\$	64.6	5%	\$	79.7	6%
Cytec Performance Chemicals		28.2	14%		18.3	10%		62.9	11%		54.9	10%
Cytec Engineered Materials		37.9	20%		28.8	18%		124.2	21%		96.2	20%
Building Block Chemicals		(1.3)	-1%		9.4	7%		11.1	3%		16.6	5%
Earnings from segments		87.0	9%		87.7	10%		262.8	9%		247.4	9%
Corporate and Unallocated (2)		(7.2)			(5.6)			(14.3)			1.5	
<b>Earnings from operations</b>	<b>\$</b>	<b>79.8</b>	<b>8%</b>	<b>\$</b>	<b>82.1</b>	<b>9%</b>	<b>\$</b>	<b>248.5</b>	<b>8%</b>	<b>\$</b>	<b>248.9</b>	<b>10%</b>

(1) 2008 includes pre-tax charges of \$1.4 and \$4.2 for the three and nine months ended September 30, 2008, respectively, for incremental accelerated depreciation in relation to our planned exit of Radcure manufacturing assets at our leased facility in Pampa, Texas.

(2) For the three and nine months ended September 30, 2008, Corporate and Unallocated includes pre-tax charges of \$5.7 and \$10.8, respectively, for restructuring costs primarily associated with various organizational restructuring initiatives across the Specialty Chemicals segments. In the third quarter of 2007 Corporate and Unallocated includes a net restructuring charge of \$2.8 for costs related to the shut down of a manufacturing facility in France and restructuring of our polymer additive manufacturing facility in Willow Island and our liquid coating resins manufacturing facility in Wallingford. For nine months 2007, Corporate and Unallocated includes a restructuring charge of \$5.4 for the aforementioned items and a \$15.7 gain as a result of completion of the second phase of the sale of our water treatment chemicals and acrylamide product lines to Kemira.

**CYTEC INDUSTRIES INC. AND SUBSIDIARIES**  
**PERCENT CHANGE IN SALES ANALYSIS BY SEGMENT**

<u>Segment</u>	Three Months Ended September 30, 2008				Nine Months Ended September 30, 2008			
	% Variance Due To				% Variance Due To			
	<u>Volume</u>	<u>Price</u>	<u>FX</u>	<u>Total</u>	<u>Volume</u>	<u>Price</u>	<u>FX</u>	<u>Total</u>
Cytec Surface Specialties	-5%	3%	7%	5%	-2%	2%	10%	10%
Cytec Performance Chemicals	-2%	9%	3%	10%	-2%	5%	4%	7%
Cytec Engineered Materials	15%	3%	0%	18%	16%	3%	0%	19%
Building Block Chemicals	-30%	47%	0%	17%	-14%	41%	0%	27%

**CYTEC INDUSTRIES INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)  
(Dollars in millions, except per share amounts)

	September 30, 2008	December 31, 2007
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 90.2	\$ 76.8
Trade accounts receivable, less allowance for doubtful accounts of \$3.9 and \$4.5 at September 30, 2008 and December 31, 2007, respectively	619.7	584.4
Other accounts receivable	72.7	72.1
Inventories	609.8	520.0
Deferred income taxes	8.9	7.1
Other current assets	23.6	15.7
<b>Total current assets</b>	<b>1,424.9</b>	<b>1,276.1</b>
Investment in associated companies	22.6	23.8
Plants, equipment and facilities	2,102.9	2,022.6
Less: accumulated depreciation	(1,024.9)	(972.6)
Net plant investment	1,078.0	1,050.0
Acquisition intangibles, net of accumulated amortization of \$166.4 and \$139.3 at September 30, 2008 and December 31, 2007, respectively	449.3	484.5
Goodwill	1,091.9	1,104.8
Deferred income taxes	0.5	0.4
Other assets	126.3	122.1
<b>Total assets</b>	<b>\$4,193.5</b>	<b>\$4,061.7</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 363.8	\$ 316.5
Short-term borrowings	39.8	42.0
Current maturities of long-term debt	1.5	101.4
Accrued expenses	216.5	204.4
Income taxes payable	15.6	7.4
Deferred income taxes	14.4	15.2
<b>Total current liabilities</b>	<b>651.6</b>	<b>686.9</b>
Long-term debt	823.5	705.3
Pension and other postretirement benefit liabilities	266.9	271.4
Other noncurrent liabilities	334.4	349.2
Deferred income taxes	139.0	134.9
<b>Stockholders' equity</b>		
Common stock, \$.01 par value per share, 150,000,000 shares authorized; issued 48,132,640 shares	0.5	0.5
Additional paid-in capital	433.8	438.0
Retained earnings	1,490.5	1,356.6
Accumulated other comprehensive income	111.8	157.5
Treasury stock, at cost, 1,094,050 shares in 2008 and 596,911 shares in 2007	(58.5)	(38.6)
<b>Total stockholders' equity</b>	<b>1,978.1</b>	<b>1,914.0</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$4,193.5</b>	<b>\$4,061.7</b>

**CYTEC INDUSTRIES INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(Dollars in millions)

	Nine Months Ended	
	September 30,	
	2008	2007
Cash flows provided by (used in) operating activities		
Net earnings	\$152.0	\$ 158.9
Noncash items included in net earnings:		
Depreciation	84.8	74.6
Amortization	35.1	33.3
Share-based compensation	8.5	10.0
Deferred income taxes	11.9	14.8
Gain on sale of assets held for sale	-	(15.7)
Other	1.0	2.5
Changes in operating assets and liabilities:		
Trade accounts receivable	(48.7)	(51.3)
Other receivables	(0.3)	16.7
Inventories	(97.1)	(5.0)
Other assets	(10.8)	(3.8)
Accounts payable	39.3	(5.9)
Accrued expenses	4.9	(0.8)
Income taxes payable	12.1	(9.2)
Other liabilities	(22.2)	(24.6)
<b>Net cash provided by operating activities</b>	<b>170.5</b>	<b>194.5</b>
Cash flows (used in) provided by investing activities		
Additions to plants, equipment and facilities	(116.3)	(65.7)
Net proceeds (paid)/received on sale of assets	(4.7)	30.2
<b>Net cash used in investing activities</b>	<b>(121.0)</b>	<b>(35.5)</b>
Cash flows provided by (used in) financing activities		
Proceeds from long-term debt	241.0	222.0
Payments on long-term debt	(222.6)	(319.6)
Change in short-term borrowings, net	(2.9)	4.9
Cash dividends	(17.9)	(14.4)
Proceeds from the exercise of stock options	10.8	31.8
Purchase of treasury stock	(46.4)	(49.6)
Excess tax benefits from share-based payment arrangements	2.7	8.5
Other	0.6	0.1
<b>Net cash used in financing activities</b>	<b>(34.7)</b>	<b>(116.3)</b>
Effect of currency rate changes on cash and cash equivalents	(1.4)	2.4
Increase in cash and cash equivalents	13.4	45.1
Cash and cash equivalents, beginning of period	76.8	23.6
<b>Cash and cash equivalents, end of period</b>	<b>\$ 90.2</b>	<b>\$ 68.7</b>

**Cytec Industries Inc. and Subsidiaries**  
**Reconciliation of GAAP and Non-GAAP Measures**  
**Amounts in millions except per share amounts**

Management believes that net earnings and diluted earnings per share before 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 periods 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.

Three Months Ended September 30, 2008

	<u>Net</u> <u>Earnings</u>	<u>Diluted</u> <u>EPS</u>
GAAP Net Earnings	\$46.3	\$0.96
- Restructuring charge	4.0	0.08
- Pampa accelerated depreciation charge	<u>0.9</u>	<u>0.02</u>
Non-GAAP Net Earnings	<u>\$51.2</u>	<u>\$1.06</u>

Three Months Ended September 30, 2007

	<u>Net</u> <u>Earnings</u>	<u>Diluted</u> <u>EPS</u>
GAAP Net Earnings	\$52.4	\$1.06
- Net restructuring charge	2.2	0.05
- Tax benefit due to Germany tax rate change	<u>(3.5)</u>	<u>(0.07)</u>
Non-GAAP Net Earnings	<u>\$51.1</u>	<u>\$1.04</u>

Numbers may not add due to rounding

**Cytec Industries Inc. and Subsidiaries**  
**Reconciliation of GAAP and Non-GAAP Measures (Cont'd)**  
**Amounts in millions except per share amounts**

Nine Months Ended September 30, 2008

	<u>Net</u> <u>Earnings</u>	<u>Diluted</u> <u>EPS</u>
GAAP Net Earnings	\$152.0	\$3.12
- Net restructuring charge	7.6	0.16
- Pampa accelerated depreciation charge	<u>2.7</u>	<u>0.06</u>
Non GAAP Net Earnings	<u>\$162.3</u>	<u>\$3.33</u>

Nine Months Ended September 30, 2007

	<u>Net</u> <u>Earnings</u>	<u>Diluted</u> <u>EPS</u>
GAAP Net Earnings	\$158.9	\$3.23
- Net restructuring charge	4.8	0.10
- Gain on sale of product lines	(15.3)	(0.31)
- Tax benefit due to Germany tax rate change	<u>(3.5)</u>	<u>(0.07)</u>
Non GAAP Net Earnings	<u>\$144.9</u>	<u>\$2.94</u>

Numbers may not add due to rounding