

CYTEC INDUSTRIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in millions, except per share amounts)
(unaudited)

| | Three Months Ended December 31, | | Years Ended December 31, | |
|--|------------------------------------|----------|-----------------------------|------------|
| | 2008 | 2007 | 2008 | 2007 |
| Net sales | \$ 698.2 | \$ 901.2 | \$ 3,639.9 | \$ 3,503.8 |
| Manufacturing cost of sales | 578.1 | 707.4 | 2,912.7 | 2,752.9 |
| Selling and technical services | 54.0 | 57.5 | 230.1 | 212.8 |
| Research and process development | 19.1 | 20.2 | 81.6 | 75.7 |
| Administrative and general | 22.4 | 28.8 | 112.0 | 113.2 |
| Amortization of acquisition intangibles | 9.2 | 10.0 | 39.6 | 38.7 |
| (Loss)/Gain on sale of assets held for sale | - | (2.1) | - | 13.6 |
| Goodwill impairment charge | 385.0 | - | 385.0 | - |
| (Loss)/Earnings from operations | (369.6) | 75.2 | (121.1) | 324.1 |
| Other income (expense), net | 0.5 | (0.5) | 1.5 | (0.4) |
| Gain on early extinguishment of debt | 1.9 | - | 1.9 | - |
| Equity in earnings of associated companies | 0.1 | 0.6 | 1.5 | 1.4 |
| Interest expense, net | (7.3) | (10.1) | (35.2) | (41.9) |
| (Loss)/Earnings before income tax provision | (374.4) | 65.2 | (151.4) | 283.2 |
| Income tax provision (benefit) | (23.7) | 17.6 | 47.4 | 76.7 |
| Net (loss)/earnings available to common stockholders | \$ (350.7) | \$ 47.6 | \$ (198.8) | \$ 206.5 |
| Basic net (loss)/earnings per common share: | | | | |
| Net (loss)/earnings available to common stockholders | \$ (7.39) | \$ 0.99 | \$ (4.16) | \$ 4.29 |
| Diluted net (loss)/earnings per common share: | | | | |
| Net (loss)/earnings available to common stockholders | \$ (7.39) | \$ 0.97 | \$ (4.16) | \$ 4.20 |
| Dividends per common share | \$ 0.125 | \$ 0.10 | \$ 0.50 | \$ 0.40 |
| Weighted Average Shares Outstanding (000 Omitted) | | | | |
| Basic | 47,428 | 48,099 | 47,800 | 48,150 |
| Diluted | 47,428 | 49,125 | 47,800 | 49,225 |

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

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|------------------------------------|-------------------|----------------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 |
| <u>Net sales</u> | | | | |
| Cytec Surface Specialties | \$ 281.1 | \$ 403.3 | \$ 1,637.7 | \$ 1,640.4 |
| Cytec Performance Chemicals | | | | |
| Sales to external customers | 159.3 | 191.9 | 742.3 | 736.4 |
| Intersegment sales | 0.4 | 0.9 | 1.6 | 5.7 |
| Cytec Engineered Materials | 163.7 | 177.5 | 748.2 | 669.8 |
| Building Block Chemicals | | | | |
| Sales to external customers | 94.1 | 128.5 | 511.7 | 457.2 |
| Intersegment sales | 4.0 | 8.0 | 19.9 | 34.9 |
| Net sales from segments | <u>702.6</u> | <u>910.1</u> | <u>3,661.4</u> | <u>3,544.4</u> |
| Elimination of intersegment revenue | <u>(4.4)</u> | <u>(8.9)</u> | <u>(21.5)</u> | <u>(40.6)</u> |
| Net sales | \$ 698.2 | \$ 901.2 | \$ 3,639.9 | \$ 3,503.8 |
| | <u>% of sales</u> | <u>% of sales</u> | <u>% of sales</u> | <u>% of sales</u> |
| <u>Earnings (loss) from operations</u> | | | | |
| Cytec Surface Specialties (1) | \$ (404.8) | -144% | \$ 20.0 | 5% |
| Cytec Performance Chemicals | 15.0 | 9% | 16.2 | 8% |
| Cytec Engineered Materials | 30.5 | 19% | 36.1 | 20% |
| Building Block Chemicals | <u>(6.4)</u> | <u>-7%</u> | <u>7.2</u> | <u>5%</u> |
| (Loss)/earnings from segments | (365.7) | -52% | 79.5 | 9% |
| Corporate and Unallocated | <u>(3.9)(2)</u> | | <u>(4.3)(3)</u> | |
| (Loss)/earnings from operations | <u>\$ (369.6)</u> | <u>-52%</u> | <u>\$ 75.2</u> | <u>8%</u> |
| | \$ (340.2) | -21% | \$ 99.7 | 6% |
| | 77.9 | 11% | 71.1 | 10% |
| | 154.7 | 21% | 132.3 | 20% |
| | <u>4.7</u> | <u>1%</u> | <u>23.8</u> | <u>5%</u> |
| | (102.9) | -3% | 326.9 | 9% |
| | <u>(18.2)(2)</u> | | <u>(2.8)(4)</u> | |
| | \$ (121.1) | -3% | \$ 324.1 | 9% |

- (1) 2008 includes pre-tax charges of \$1.4 and \$5.6 for the three and twelve months ended December 31, 2008, respectively, for incremental accelerated depreciation related to our planned exit of Radcure manufacturing at our leased facility in Pampa, Texas. For the three and twelve months ended December 31, 2008, Cytec Surface Specialties also includes a pre-tax goodwill impairment charge of \$385.0.
- (2) For the three and twelve months ended December 31, 2008, Corporate and Unallocated includes pre-tax charges of \$4.1 and \$14.9, respectively, for additional restructuring costs primarily associated with various organizational restructuring initiatives across the Specialty Chemicals segments. Also included in the three and twelve months ended December 31, 2008 is a pre-tax gain of \$6.1 related to a legal settlement.
- (3) Includes \$0.8 charge for restructuring and \$2.1 reduction to gain related to the divestiture of water treatment chemicals and acrylamide product lines
- (4) Includes \$6.2 charge for restructurings and \$13.6 gain related to the divestiture of water treatment chemicals and acrylamide product lines.

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

| Segment | Three Months Ended December 31, 2008 | | | | Twelve Months Ended December 31, 2008 | | | |
|-----------------------------|--------------------------------------|-------|-----|-------|---------------------------------------|-------|----|-------|
| | % Variance Due To | | | | % Variance Due To | | | |
| | Volume | Price | FX | Total | Volume | Price | FX | Total |
| Cytec Surface Specialties | -32% | 4% | -2% | -30% | -9% | 2% | 7% | 0% |
| Cytec Performance Chemicals | -23% | 9% | -3% | -17% | -8% | 6% | 3% | 1% |
| Cytec Engineered Materials | -9% | 3% | -2% | -8% | 9% | 3% | 0% | 12% |
| Building Block Chemicals | -34% | 7% | 0% | -27% | -19% | 31% | 0% | 12% |
| <i>Cytec Consolidated</i> | -26% | 5% | -2% | -23% | -6% | 7% | 3% | 4% |

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

| | December 31, | |
|--|--------------|------------|
| | 2008 | 2007 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 55.3 | \$ 76.8 |
| Trade accounts receivable, less allowance for doubtful accounts of \$6.2 and \$4.5 in 2008 and 2007, respectively | 448.8 | 584.4 |
| Other accounts receivable | 81.2 | 72.1 |
| Inventories | 569.4 | 520.0 |
| Deferred income taxes | 13.8 | 7.1 |
| Other current assets | 19.4 | 15.7 |
| Total current assets | 1,187.9 | 1,276.1 |
| Investment in associated companies | 22.1 | 23.8 |
| Plants, equipment and facilities, at cost | 2,136.1 | 2,022.6 |
| Less: accumulated depreciation | (1,019.8) | (972.6) |
| Net plant investment | 1,116.3 | 1,050.0 |
| Acquisition intangibles, net of accumulated amortization of \$171.3 and \$139.3 in 2008 and 2007, respectively | 430.8 | 484.5 |
| Goodwill | 693.7 | 1,104.8 |
| Deferred income taxes | 43.3 | 0.4 |
| Other assets | 131.5 | 122.1 |
| Total assets | \$ 3,625.6 | \$ 4,061.7 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 249.4 | \$ 316.5 |
| Short-term borrowings | 41.0 | 42.0 |
| Current maturities of long-term debt | 1.4 | 101.4 |
| Accrued expenses | 190.1 | 204.4 |
| Income taxes payable | 12.5 | 7.4 |
| Deferred income taxes | 12.8 | 15.2 |
| Total current liabilities | 507.2 | 686.9 |
| Long-term debt | 806.4 | 705.3 |
| Pension and other postretirement benefit liabilities | 436.3 | 271.4 |
| Other noncurrent liabilities | 304.2 | 349.2 |
| Deferred income taxes | 96.8 | 134.9 |
| Stockholders' equity | | |
| Preferred stock, 20,000,000 shares authorized; none issued and outstanding | - | - |
| 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 | 437.1 | 438.0 |
| Retained earnings | 1,133.5 | 1,356.6 |
| Accumulated other comprehensive gain/(loss) | (39.2) | 157.5 |
| Treasury stock, at cost, 1,069,423 shares in 2008 and 596,911 shares in 2007 | (57.2) | (38.6) |
| Total stockholders' equity | 1,474.7 | 1,914.0 |
| Total liabilities and stockholders' equity | \$ 3,625.6 | \$ 4,061.7 |

CYTEC INDUSTRIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Millions)
(unaudited)

| Years ended December 31, | 2008 | 2007 |
|---|-------------|-------------|
| Cash flows provided by (used in) operating activities | | |
| Net (loss)/earnings | \$ (198.8) | \$ 206.5 |
| Non cash items included in earnings from continuing operations: | | |
| Depreciation | 113.7 | 100.9 |
| Amortization | 45.6 | 44.7 |
| Share-based compensation | 10.1 | 12.9 |
| Deferred income taxes | (19.2) | 27.2 |
| Gains on sales of assets | (3.9) | - |
| Gain on sale of assets held for sale | - | (13.6) |
| Asset impairment charges | 385.0 | 1.4 |
| Gain on early extinguishment of debt | (1.9) | - |
| Unrealized loss on derivative instruments | 1.7 | - |
| Other | 0.8 | 1.9 |
| Changes in operating assets and liabilities: | | |
| Trade accounts receivable | 104.0 | (38.8) |
| Other receivables | 6.0 | 10.1 |
| Inventories | (70.0) | (21.7) |
| Other assets | (12.4) | 3.9 |
| Accounts payable | (75.4) | 2.8 |
| Accrued expenses | (13.2) | (2.2) |
| Income taxes payable | (1.4) | (14.7) |
| Other liabilities | (42.0) | (51.5) |
| Net cash provided by operating activities | 228.7 | 269.8 |
| Cash flows provided by (used in) investing activities: | | |
| Additions to plants, equipment and facilities | (195.8) | (114.8) |
| Net proceeds received on sale of assets | 2.4 | 38.7 |
| Net cash used in investing activities | (193.4) | (76.1) |
| Cash flows provided by (used in) financing activities | | |
| Proceeds from long-term debt | 282.0 | 222.0 |
| Payments on long-term debt | (278.7) | (319.8) |
| Change in short-term borrowings | (3.0) | (1.2) |
| Cash dividends | (23.8) | (19.1) |
| Proceeds from the exercise of stock options | 11.2 | 39.3 |
| Purchase of treasury stock | (46.4) | (77.3) |
| Excess tax benefits from share-based payments arrangements | 5.3 | 11.7 |
| Other | 1.4 | 0.4 |
| Net cash used in financing activities | (52.0) | (144.0) |
| Effect of currency rate changes on cash and cash equivalents | (4.8) | 3.5 |
| (Decrease) Increase in cash and cash equivalents | (21.5) | 53.2 |
| Cash and cash equivalents, beginning of year | 76.8 | 23.6 |
| Cash and cash equivalents, end of year | \$ 55.3 | \$ 76.8 |

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

Management believes that net earnings, basic 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 December 31, 2008

| | <u>Net</u> <u>Earnings(loss)</u> | <u>EPS</u> |
|--|-------------------------------------|---------------|
| GAAP Net Earnings and basic per common share | \$(350.7) | \$(7.39) |
| - Net restructuring charge | 2.8 | 0.06 |
| - Pampa accelerated depreciation charge | 0.9 | 0.02 |
| - Settlement of Engineered Materials litigation matter | (4.0) | (0.09) |
| - Income Tax Expense | (2.4) | (0.05) |
| - Goodwill impairment charge | 358.3 | 7.55 |
| - Effect of share dilution (ie Basic to Fully Diluted) | | <u>0.00</u> |
| Non-GAAP Net Earnings and diluted per common share | <u>\$4.9</u> | <u>\$0.10</u> |

Three Months Ended December 31, 2007

| | <u>Net</u> <u>Earnings</u> | <u>EPS</u> |
|--|-------------------------------|---------------|
| GAAP Net Earnings and diluted per common share | \$47.6 | \$0.97 |
| - Adjustment to gain on divestiture | 2.0 | 0.04 |
| - Net restructuring charge | 0.2 | 0.01 |
| - Tax rate adjustment in Germany | (1.4) | (0.03) |
| - Tax rate changes in various jurisdictions | <u>(1.3)</u> | <u>(0.03)</u> |
| Non-GAAP Net Earnings and diluted per common share | <u>\$47.1</u> | <u>\$0.96</u> |

Full year Ended December 31, 2008

| | <u>Net</u> <u>Earnings(loss)</u> | <u>EPS</u> |
|--|-------------------------------------|---------------|
| GAAP Net Earnings and basic per common share | \$(198.8) | \$(4.16) |
| - Net restructuring charge | 10.4 | 0.22 |
| - Pampa accelerated depreciation charge | 3.6 | 0.08 |
| - Settlement of Engineered Materials litigation matter | (4.0) | (0.08) |
| - Income Tax Expense | (2.4) | (0.05) |
| - Goodwill impairment charge | 358.3 | 7.50 |
| - Effect of share dilution (ie Basic to Fully Diluted) | | <u>(0.05)</u> |
| Non-GAAP Net Earnings and diluted per common share | <u>\$167.2</u> | <u>\$3.46</u> |

Full year Ended December 31, 2007

| | <u>Net</u> <u>Earnings</u> | <u>EPS</u> |
|--|-------------------------------|---------------|
| GAAP Net Earnings and diluted per common share | \$206.5 | \$4.20 |
| - Gain on divestiture | (13.3) | (0.27) |
| - Net restructuring charge | 5.0 | 0.10 |
| - Tax rate adjustment in Germany | (5.0) | (0.10) |
| - Tax rate changes in various jurisdictions | <u>(1.3)</u> | <u>(0.03)</u> |
| Non GAAP Net Earnings and diluted per common share | <u>\$191.9</u> | <u>\$3.90</u> |

Numbers may not add due to rounding

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