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Sustainability Report

SAFETY, HEALTH & ENVIRONMENT

CYTEC

CYTEC INDUSTRIES INC.

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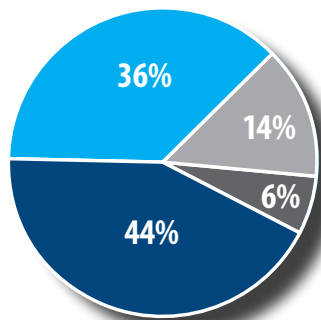
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Cytec Industries Inc. is a global specialty chemicals and materials company focused on developing, manufacturing and selling value-added products. Our products serve a diverse range of end markets including aerospace, adhesives, automotive and industrial coatings, chemical intermediates, inks, mining, and plastics. We use our technology and application development expertise to create chemical and material solutions that are formulated to perform specific and important functions in the finished products of our customers.

Cytec at a Glance

- 2007 sales of approximately \$3.5 billion
- Approximately 6,800 employees
- 37 manufacturing facilities globally
- 4 research centers
- NYSE: CYT

SALES BY GEOGRAPHIC REGION



Europe	44%
North America	36%
Asia Pacific	14%
Latin America	6%

FROM THE CHAIRMAN

I am pleased to share Cytec's 2007 Sustainability Report. We had a successful 2007, with sales of \$3.5 billion, an increase of 5% over 2006. Despite weakening economic conditions, we focused our efforts on improving all aspects of our operations, particularly in the areas of safety and environmental performance.

We can only achieve our goals through the dedication, hard work and initiative of all the Cytec people. Their engagement and commitment is remarkable, and through a recent global engagement survey they reinforced their commitment to our guiding values. Safety is our first priority. While we are not satisfied with our injury frequency, we believe our programs are moving us in the right direction, towards zero injuries.

From the outset, Cytec has been a responsible company – committed to sound corporate citizenship – and I see it as my duty and the duty of every employee to keep us on that path as new 21st century challenges unfold. We demonstrate our respect for the community; and we add to the vitality and economy of the regions in which we operate. That is representative of our values, and it is how we intend to continue our work. At Cytec, that is the only way to conduct business.

We are seeking to revitalize our innovation pipeline through a greater focus on breakthrough technologies to complement our incremental growth projects, as well as focus on the development of environmentally sustainable products. This requires investment not only in R+D, but also a more focused marketing effort.

During 2008 we will continue our intense drive on safety, health and environmental stewardship. Our people will continue to be involved with the communities around us. I am grateful and thankful that we have such an outstanding team of people who are dedicated to living our values and enhancing shareholder value.

This Report details our commitment to citizenship and good corporate governance. On behalf of all our employees, we are proud of what we have achieved and look forward to greater achievements in the future.

David Lilley
Chairman, President, and Chief Executive Officer

Responsibility for Safety, Health and Environment (SHE) and for addressing the global sustainability challenges rests with the Cytec Board of Directors and Cytec's Executive Leadership Team. The key elements of Cytec's governance system are discussed below.

- **Board Environmental, Health and Safety Committee.** This Board Committee has been in place since Cytec's inception. All of its members are outside directors who bring a diverse set of expertise from industry. The Committee meets at least twice per year, and is responsible for oversight of the company's Safety, Health and Environmental goals and policies. The Committee has access to independent advisors.
- **Long-term Goals.** During 2006, we developed a new set of long-term goals. These goals will drive movement towards zero accidents and incidents, and a systematic reduction in Cytec's SHE impacts and development of environmentally friendly products.
- **Responsible Care Management System.** Cytec has a long history of leadership in Responsible Care. In 2004 we made the commitment to implement RC14001, the most robust of the Responsible Care Management Systems, on a global basis. RC14001 combines the ISO 14001 environmental management system into one system with the RC requirements for safety, process safety, product stewardship and security. The management system includes a strong auditing and compliance component. The systems at the sites are then certified by an external auditor. At this point, nearly two thirds of our sites have fully implemented, certified systems.
- **SHE Audit Program.** Cytec's SHE Audit Program continues to provide assurance to the Board SHE Committee that:
 - Operations are in compliance with regulatory requirements
 - Systems are in place and functioning
 - Corrective action is taken promptly to address any deficiencies
 - Root causes are investigated and learning shared across the organization
 - Cytec manages a corrective action tracking system for all Safety, Health and Environmental audit recommendations. The status of completion of the action items against their due dates is reported to Cytec's Executive Leadership Team on a quarterly basis, and to the SHE Board Committee twice a year.
- **SHE Awards.** Cytec provides for SHE related awards:
 - **The Chairman's Safety Awards** – for each site that experienced zero recordable injuries in the year.
 - **The SHE Sustained Excellence Awards** – for the best SHE performance for each small, medium and large category site, based on three years of SHE operating data.
 - **The Vincent Dupierreux Safety Awards** – named after the colleague we lost in the 2006 Drogenbos, Belgium, plant incident, this award recognizes individuals and teams demonstrating excellence in behavior-based safety systems. This award is directed towards hourly employees.
 - **SHE Excellence Awards** – these awards recognize individuals and teams for excellence in environmental, safety and product stewardship programs and projects.

STATUS OF RC14001 CERTIFICATION



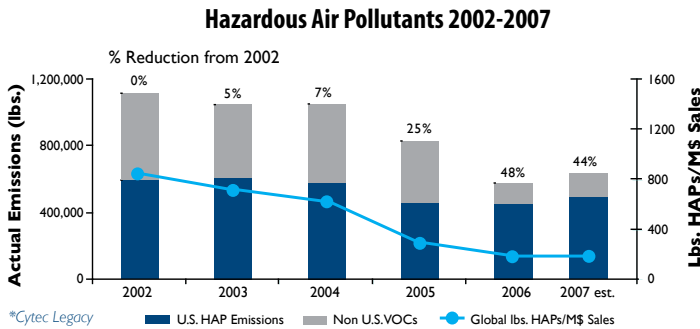
Drogenbos, Belgium, Safety Day

Cytec has analyzed its environmental aspects and identified the top areas of focus: emissions and waste, environmental impact of our materials and products, and energy demand, which impacts climate change. Our programs are focused in these areas, and we are integrating these aspects into our new product development process.

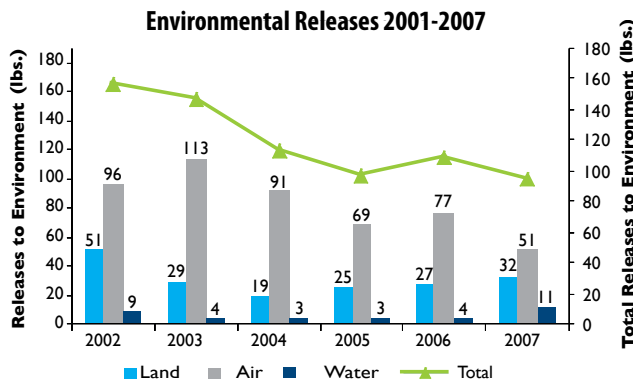
Emissions and Waste

Cytec is working to reduce its environmental accidental releases and emissions associated with operations. We track releases of all chemicals in excess of a pound (0.45 kg) to the environment (air/water/land) and to containment. Our goal is to reduce releases by 10% year on year. We also track the total volume of hazardous air pollutant emissions and in 2002 set a 5 year goal to reduce those by 20%. Since the baseline was established in 2002, those emissions have been reduced by 44%.

- **Hazardous Air Pollutants**
 - Cytec* reduced Hazardous Air Pollutants by 44% from 2002-2007.



- **Releases to the Environment**
 - Cytec reduced accidental releases to the environment by 13% in 2007 and 39.7% since 2002.



- **Waste Reduction**
 - Cytec has programs in place to reduce waste generated from our operations. Our manufacturing sites are employing LEAN manufacturing principles that are designated to further reduce waste associated with operations. We developed a baseline in 2006 and improved our waste generation by 1% in 2007. We also reduced the total quantity of hazardous waste generated by 2%. Our 5 year goal is 15% improvement in waste efficiency against 2006 baseline (Kg waste/Kg products).



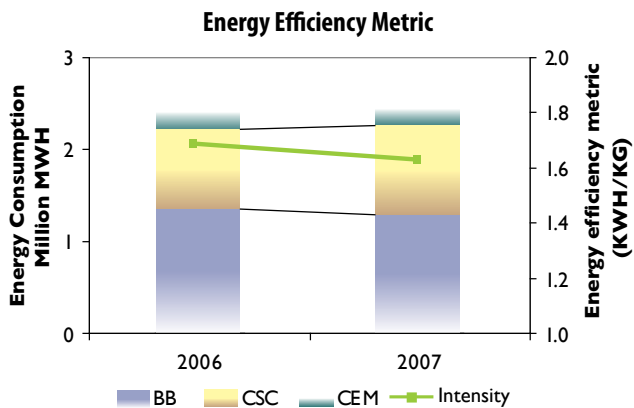
Fortier, Louisiana, Manufacturing Site

- **Examples of 2007 waste reduction projects include:**
 - **Kalamazoo, Michigan, Process Modifications** – Process modifications at the site resulted in a 74% overall waste reduction effort. The resin formerly discharged to the waste water treatment plant (WWTP) and shipped off-site for disposal is now captured and sold.
 - **Mount Pleasant, Tennessee, WWT Sludge Waste Reduction Project** – Improved solid separation technology of the WWTP bio-sludge resulted in ~2.7 million pounds of waste reduction that was previously shipped off-site.
 - **Schoonaarde, Belgium, Yield Improvement Project** – Process improvements and capital investment have resulted in a 22% volume reduction in solid waste from the site.
 - **Wallingford, Connecticut, Scheduling Optimization** – Scheduled optimization resulted in fewer reactor clean-outs and a 54% reduction in the quantity of grit chamber sludge generated at the WWTP with 100 tons of recovered resin for sale.

Energy and Climate Change

Cytec recognizes the need to address the long-term impacts of climate change. This year we joined EPA's Climate Leaders program and committed to improving our greenhouse gas intensity.

Cytec also reviewed its energy demand and baseline for CO₂ equivalents emitted directly and indirectly through purchase of energy at its manufacturing sites.



Cytec reduced energy intensity by 3% in 2007 and also received an ACC Energy Efficiency Award for the past three years for its efforts in reducing energy. Examples of energy reduction projects include:

Fortier, Louisiana

- Installed a landfill gas recovery system in 2006, and generated >300,000 mmbtu of energy in 2007.
- Used advanced 3-D computer modeling to design the main process air blower in our sulfuric acid plant to increase efficiency, saving electrical power.
- Increased waste heat recovery from our plant boilers reducing the amount of natural gas burned.

Kalamazoo, Michigan

- Installed a thermo compressor which reduced 5,100 mmbtu natural gas consumption at the site, which is equivalent to 270 MT of CO₂ emissions per year.
- Installed a reverse osmosis process to purify/filter the boiler feed water and reduced the steam blow down by 45%. The project reduced 17,600 mmbtu natural gas consumption at the plant, which is equivalent to 940 MT of CO₂ emissions per year.

Wallingford, Connecticut

- Reduced by approximately 21,000 mmbtu natural gas consumption per year by improving its steam traps. The energy reduction is equivalent to a reduction of 1,120 MT of CO₂ emissions per year.
- Installed a state-of-the-art, computer-controlled algorithm, which continuously varies the load assigned to each of the plant's steam boilers. This steam system efficiency improvement reduces annual natural gas consumption by 7,000 mmbtu per year. The energy reduction is equivalent to a reduction of 370 MT of CO₂ emissions per year.

North Augusta, South Carolina

- Installed a flue stack economizer in its boiler. This project conserves an estimated 7,500 mmbtu of natural gas. The energy reduction is equivalent to a reduction of 400 MT of CO₂ emissions per year.

Environmental Impact of Products

We strive to develop environmentally friendly products that meet the needs of our customers. Consideration is given to safety, health and environmental impacts early in the new product development process. In order to efficiently manage all critical elements of new product development, Cytec established a process called the Cytec Innovation Management System (CIMS), which is a comprehensive tool used by R+D, Marketing, Legal, Manufacturing, and SHE functions to manage projects from the idea generation stage through development to commercialization. The related SHE aspects of new products are reviewed and approved prior to continuation of the project. Several tools are built into CIMS, including the use of EPA developed Sustainable Futures models, Cytec's Solvent Selection Guide, and other modeling tools. The EPA models have been incorporated at the early stages of the process as a screening tool to drive commercialization of greener, safer, more environmentally friendly products.

Some Examples of Eco-Friendly Products

New APE Free Emulsion Polymers Cytec has developed emulsion polymers in surfactant applications that do not contain alkylphenol ethoxylates (APE), which can be harmful to aquatic life. These products were introduced in Europe in 2007.

New waterborne products for trim enamels and direct-to-metal-coatings with VOC<50g/l were successfully introduced in the market. These resins are able to replace solventborne alkyd resins for trim paints and metal coatings and bring a significant reduction of aromatic and non-aromatic solvents. They have no hazardous air pollutants, very low VOC and low production hazards. They also use a high percentage of renewable raw materials in production.

A new generation waterborne cationic isolation primer for tannin blocking on wood was developed and introduced into the market. This new product contains practically no VOC and does not use solvents in the production. In application, the product dries in a very short time without the addition of a metal catalyst.

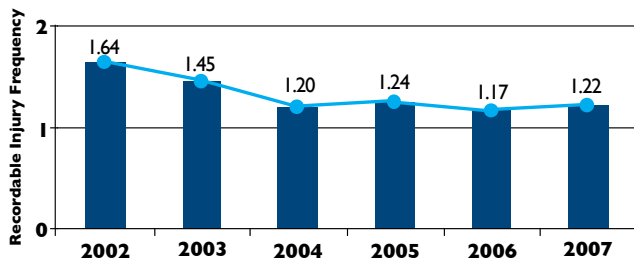
The expanded use of composite materials is expected to significantly reduce emissions in new-generation aircraft. Emissions are largely driven by fuel use, and composites enable aircraft design that facilitates fuel reduction of up to 20 percent over similarly-sized metal-based planes, thereby reducing emissions of nitrogen oxides and carbon dioxide during operation. Additionally, optimized composite aircraft designs are quieter for communities, crews and passengers. Our materials enable these high-impact design improvements. Cytec Engineered Materials developed a unique ultra light-weight version of its SURFACEMASTER® 905 surfacing film, which efficiently eliminates surface imperfections in composite fuselages along with need to prime the surface before painting. As a result, the waste and air emissions generated during the priming process are also eliminated.

Safety

Cytec believes that all injuries are preventable. Our goal is zero. We are working to improve our safety management systems and culture to improve our injury frequency (the number of recordable injuries per 100 employees). We invested more than \$20 million in safety capital in 2007 to reduce process incident risk. We instituted more stringent process safety standards in 2007 our serious process incidents dropped by 66% compared to 2006. We are continuing with the program in 2008.

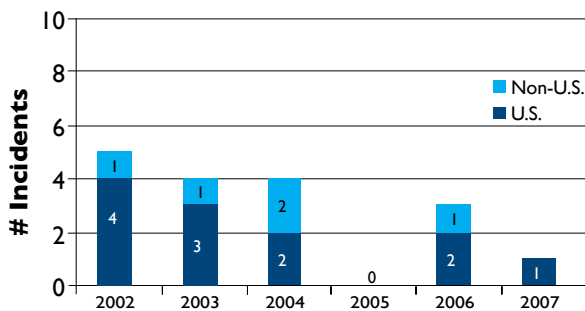
- **Injuries**
 - For 2007, our recordable injury frequency on a global basis was 1.22. Cytec uses recordable injury frequency, the number of OSHA-safe recordable injuries per one hundred employees, as its employee safety metric. We are not satisfied with our performance and are instituting core safety leadership requirements for our operations leaders. At Cytec, safety is a core competency and guides our behaviors and activities. We are working to improve our safety culture at all locations.

Cytec Recordable Injury Frequency



- **Serious Process Incidents**
 - Cytec measures Responsible Care incidents as unplanned process incidents that cause serious injuries or cause more than \$25,000 in damage. We had one incident meeting the criteria, and no injuries associated with the incident. This is a major improvement compared to 2006.

Cytec Responsible Care Process Safety Incidents



Community Involvement

Cytec is actively working in the communities in which we operate to make improvements and lend a helping hand. These include the following:

- Supporting annual fund-raisers for United Way
- Purchasing Science Screen Report for Kids Kits and donating them to local schools (educational videos and teacher guides that aid teachers in classroom instruction on topics such as chemistry, chemical engineering, technology and medicine)
- Cytec employees conducting science experiments in local schools
- Employees participating in neighborhood clean-ups
- Hosting/co-hosting community health fairs and blood drives
- Teams of employees participating in fund-raising walks/runs



Fortier, Louisiana, Science Day

Our Employees

We invest in our employees' education, growth and personal development. Some examples of these activities include:

- Supporting employee donations to educational institutions with 100% matching fund
- Providing Educational Assistance to eligible Cytec employees seeking higher education
- Providing a structural program for employee development and career path
- Supporting employee participation in Habitat for Humanity projects

Product Stewardship

Product stewardship is an integral part of sustainability at Cytec. It encompasses the responsible and ethical management of our products throughout the product life-cycle. Our product stewardship initiatives also span the value chain from our suppliers of raw materials to our customers, extending down the value chain to the ultimate finished article.

Compliance

The foundation of our product stewardship program is global product regulatory compliance. We built and maintain a centralized database for all product related data and global processes. We assess the potential hazards of our products and communicate safe handling information to our employees and customers, no matter where they are located. Our active Safety Data Sheets (SDS) and labels are available in 34 formats and 22 languages including Chinese, Japanese and Korean. While we focus on chemical inventory management on a local basis, this is done with oversight and vision to make the best use of available data to allow our products to enter new markets.

Hazard Assessment

Cytec strives to help our customers have the appropriate product stewardship attributes to safely handle and use our products. To this end, we have developed a risk-based process that focuses on product hazard, customer programs and practices. Where needed, customer product stewardship training is provided. A prime example is the proactive development of product stewardship training for customers/distributors handling our ECO2FUME® and VAPHOR3PHOS® fumigants. The training included classroom as well as hands-on product training before customers could use the product. Similar safe handling guides have been developed for our RADCURE® and Acrylonitrile product lines.



Coatings are used in various applications such as wood flooring, cabinets and appliances.

Product Sustainability Metrics

In order to improve in the area of product sustainability, Cytec formed a cross-functional team to develop metrics for sustainability of our products and to develop a baseline. For new products, our CIMS process allows the determination of environmental friendliness using chemicals modeling as part of the stage-gate process. Use of EPA Sustainable Futures models as well as others allows us to rate the health and environmental hazards and potential risks of our products in a qualitative manner. As such, we get an early indication of the environmental aspects of a potential new product.

For existing products, we are looking at the hazards and environmental impact of the products, energy intensity and waste, which are key aspects. These metrics are still under development, but will be used to review our product portfolio.

Emerging aerospace applications are shifting from metals to composites.



Our Path Forward

Our vision is to be a world leader in safety, health and environmental performance. We have set long-term improvement goals to assess our performance and track progress.

Long-Term Goals

Cytec is committed to the following long-term goals:

- Fully implement RC14001 at all of our manufacturing sites and R+D sites on a global basis by 2009
- Reduce the Recordable Injury Frequency goal to less than 0.5 by 2010
- Improve global energy efficiency by 15% by 2012
- Improve global greenhouse gas emissions intensity by 12% by 2012
- Reduce global waste generation by 15% by 2012

2008 Goals

Cytec's goals for 2008 are to continue improving on 2007. During 2008, Cytec is committed to:

- Reducing Recordable Injury Frequency by 10% against 2007 rate
- Achieving zero Responsible Care process incidents
- Achieving 10% reduction in accidental environmental releases greater than 1 pound from 2007 levels
- Achieving a 3% improvement in energy efficiency and 2% improvement in CO₂ intensity
- Achieving a 3% improvement on waste reduction per pound of products

Key Metrics – Safety, Health & Environment	2006 Actual	2007	2008 Target /Long-Term Goal (Highlighted in blue)
Recordable Injury Frequency	1.17	1.22	10 percent annual improvement against 2007/reduce recordable injury rate to 0.5 to get to “world class” level by 2010
Responsible Care Incidents	3	1	0
Process Safety Incidents	n/a	n/a	Set baseline
Releases to the Environment	108	94	10 percent annual improvement against 2007
Hazardous Air Pollutant Releases (HAPs)	25 percent reduction from 2002-2005	44 percent reduction through 2007; Exceed 5 year goal to improve by 20% by 2007	Pull in data from CSS sites; 1 percent improvement against 2007
Energy Efficiency (kwh/kg product)	Baseline ('04-'06)	3 percent improvement against 2006	3 percent improvement against 2007/15 percent by 2012
Waste Reduction (kg waste/kg product)	Baseline ('06)	1 percent against 2006	3 percent against 2007/15 percent by 2012
Greenhouse Gas (GHG) Emissions	Baseline ('04-'06)	2 percent against 2006 (CO ₂ equivalents)	2 percent improvement against 2007; add new GHGs/12 percent by 2012

Global Reporting Initiative

We support the Global Reporting Initiative (GRI) efforts to standardize non-financial reports such as this and will increasingly align our reporting and metrics with the GRI guidance.

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