

Bayer to acquire paper chemicals business of Cytec Industries Inc.

Deal marks entry into U.S. process chemicals market

Leverkusen – The Bayer Group, based in Leverkusen, Germany, plans to purchase the paper chemicals business of the U.S. specialty chemicals manufacturer Cytec Industries Inc. of West Paterson, N.J., for approximately \$90 million. An agreement to this effect has now been signed by the two companies. According to Dr. Richard Pott, General Manager of Bayer's Specialty Products Business Group, the acquisition "will provide Bayer with the latest technology and access to the U.S. market for process chemicals. At the same time, it will strengthen our global position in paper sizing agents." The transaction – which is subject to the approval of the Bayer Supervisory Board and the relevant antitrust authorities – will also broaden the product portfolio of Bayer's Paper Industry Business Unit.

Under the terms of the agreement, Bayer will acquire Cytec's entire \$85-million-a-year paper chemicals business including patents, technical expertise and marketing operations. About 130 Cytec staff will transfer to Bayer. Cytec will continue to own the plants and will manufacture the products under contract to Bayer.

The Paper Industry Business Unit is part of Bayer's Specialty Products Business Group, which employs some 3,800 people and posted sales of EUR 1.15 billion in 1999, up 3 percent from the previous year. Sales in the first half of 2000 increased by 12 percent. The Specialty Products Business Group belongs to the Chemicals segment, which is one of Bayer's core areas of activity along with Health Care, Agriculture and Polymers.

Cytec Industries is a specialty chemicals and materials technology company with 1999 sales of \$1.41 billion. The NAFTA region accounts for some 65 percent of its paper chemicals sales. Its growth strategies are based on developing technologically advanced customer solutions for global markets, including: aerospace, plastics, industrial coatings, mining, and water treatment.

Leverkusen, September 5, 2000