

As filed with the Securities and Exchange Commission on May 14, 1996

Registration No.

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CABOT CORPORATION
(Exact name of Registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	04-2271897 (IRS Employer Identification No.)
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75 STATE STREET
BOSTON, MASSACHUSETTS 02109
(Address of Principal Executive Office, including zip code)

1996 EQUITY INCENTIVE PLAN
(Full title of the Plan)

CHARLES D. GERLINGER, ESQ.
75 STATE STREET
BOSTON, MASSACHUSETTS 02109
(Name and address of agent for service)

(617) 342-6170
(Telephone number, including area code, of agent for service)

APPROXIMATE DATE OF PROPOSED PUBLIC OFFERING:
As soon as practicable after this Registration Statement becomes effective.

CALCULATION OF REGISTRATION FEE

SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Common Stock, par value \$1.00 (including Preferred Stock Purchase Rights)	2,800,000 Shares(2)	\$26.375	\$73,850,000	\$25,465.52

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1 Estimated solely for the purpose of determining the registration fee pursuant to Rule 457(h) on the basis of the average of the high and low prices of Cabot Corporation's Common Stock, par value \$1.00, reported on the New York Stock Exchange Composite Transactions Index for May 8, 1996.

2 Plus such indeterminate number of additional shares of Common Stock as may be required in the event of a stock dividend, reverse stock split or combination of shares, recapitalization or other change in the Company's capital stock. Prior to the occurrence of certain events, the Preferred Stock Purchase Rights will not be evidenced separately from the Common Stock.

PART II

Item 3. Incorporation of Documents by Reference

The following documents filed with the Securities and Exchange Commission (the "Commission") are incorporated herein by reference:

(a) The Company's Annual Report on Form 10-K, dated September 30, 1995, filed under Section 13 of the Securities Exchange Act of 1934 (the "Exchange Act").

(b) The Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1995, filed under Section 13 of the Exchange Act.

(c) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996, filed under Section 13 of the Exchange Act.

(d) The description of the Company's Common Stock contained in the Company's Registration Statement on Form 10 filed pursuant to Section 12 of the Exchange Act and the description of the Company's Preferred Stock Purchase Rights contained in the Company's Registration Statement on Form 8-A filed pursuant to Section 12 of the Exchange Act.

All reports and other documents subsequently filed by the Company pursuant to Sections 13, 14 or 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities remaining unsold, shall be deemed incorporated by reference herein and to be part hereof from the date of the filing of such reports and other documents.

Item 4. Description of Securities

The Company's Common Stock is registered under Section 12 of the Exchange Act and the Company's Preferred Stock Purchase Rights are registered under Section 12 of the Exchange Act. See Item 3(c) regarding the description of the Company's Common Stock and the Company's Preferred Stock Purchase Rights.

Item 5. Interests of Named Experts and Counsel

The validity of the shares of Common Stock offered hereby has been passed upon for the Company by Robert Rothberg, Esq. At the time of rendering his opinion as to the legality of the Common Stock being registered hereunder, Mr. Rothberg had a substantial interest in the Company, as defined by the rules of the Commission, in that the fair market value of the 82,980 shares of Common Stock owned by him exceeds \$50,000. It is anticipated that additional shares will be issued to Mr. Rothberg pursuant to the 1996 Equity Incentive Plan. Also, at such time Mr. Rothberg was connected with the Company in that he was Vice President and General Counsel of the Company.

Item 6. Indemnification of Directors and Officers

Article Eighth (j) of the Company's Certificate of Incorporation and Section 14 of the Company's by-laws provide that the Company shall indemnify any person who was a party, is a party or is threatened to be made a party to any threatened, pending or completed action, suit, or proceeding by reason of the fact that such person is or was a director, officer, employee or agent of the Company or is

or was serving at the request of the Company as a director, officer, employee or agent of another company or enterprise, including service as a fiduciary of an employee benefit plan, against expenses (including attorneys' fees), judgments, fines, penalties and amounts paid in settlement incurred in connection with such action, suit or proceeding to the extent permitted from time to time under the Delaware General Corporation Law. Such indemnification shall be made as authorized in a specific case upon a determination by the Board of Directors or the stockholders of the Company. The rights of indemnification are not exclusive of any other rights to which those seeking indemnification may be entitled and shall continue as to a person who ceases to be a director, officer, employee or agent. In addition, under Article Eighth (i) of the Company's Certificate of Incorporation no director or officer of the Company shall be liable to the Company or its stockholders for monetary damages for any breach of fiduciary duty, except to the extent that Delaware General Corporation Law prohibits the elimination or limitation of liability of directors or officers for breach of fiduciary duty.

Section 145 of the Delaware General Corporation Law authorizes the indemnification of directors, officers, employees and agents of a corporation against liability incurred by reason of being a director, officer, employee or agent, and against expenses (including attorneys' fees) in connection with defending any action seeking to establish liability, in the case of third-party claims, if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, unless a court otherwise determines. Indemnification is also authorized with respect to any criminal action or proceeding where such person had no reasonable cause to believe his or her conduct was unlawful.

The Company's current directors' and officers' insurance policies cover directors and officers of the Company and its subsidiaries.

Item 7. Exemption from Registration Claimed

Not Applicable.

Item 8. Exhibits

Exhibit

Number

- | | |
|------|--|
| 5. | Opinion of Robert Rothberg, Vice President and General Counsel. |
| 23.1 | Consent of Robert Rothberg is contained in his opinion as filed as Exhibit 5 to this Registration Statement. |
| 23.2 | Consent of Coopers & Lybrand, L.L.P. |
| 24 | Power of Attorney. |
| 28 | 1996 Equity Incentive Plan. |

Item 9. Undertakings

A. Subsequent Exchange Act Documents.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933 (the "1933 Act"), each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

B. To Transmit Certain Material.

The undersigned registrant hereby undertakes to deliver or cause to be delivered with the prospectus to each person to whom the prospectus is sent or given, a copy of the registrant's latest annual report to stockholders furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Exchange Act, unless such person otherwise has received a copy of such report, in which case the registrant shall state in the prospectus that it will promptly furnish, without charge, a copy of such report on written request of the person. Where interim financial information required to be presented by Article 3 of Regulation S-X are not set forth in the prospectus, the undersigned also undertakes to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

C. Undertaking to Update Annually.

The undersigned registrant hereby undertakes: (1) to file during any period in which offers or sales are made, a post-effective amendment to the registration statement: (i) to include any prospectus required by Section 10(a)(3) of the 1933 Act; (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change in such information in the registration statement; (2) that, for the purpose of determining any liability under the 1933 Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities shall be deemed to be the initial bona fide offering thereof; and (3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering. Provided, however, that if the information required to be included in a post-effective amendment by clauses (1)(i) and (1)(ii) of this paragraph is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement, the registrant need not file a post-effective amendment to provide such information.

D. Indemnification

Insofar as indemnification for liabilities arising under the 1933 Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the 1933 Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the 1933 Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Boston, and the Commonwealth of Massachusetts, May 13, 1996.

CABOT CORPORATION

By /s/ Kennett F. Burnes

Kennett F. Burnes
President

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATE INDICATED.

SIGNATURE -----	TITLE -----	DATE ----
PRINCIPAL EXECUTIVE OFFICER		
/s/ Samuel W. Bodman ----- (Samuel W. Bodman)	Director and Chairman of the Board of Directors	May 13, 1996
PRINCIPAL FINANCIAL OFFICER		
/s/ Kenyon C. Gilson ----- (Kenyon C. Gilson)	Executive Vice President and Chief Financial Officer	May 13, 1996
PRINCIPAL ACCOUNTING OFFICER		
/s/ Paul J. Gormisky ----- (Paul J. Gormisky)	Vice President and Controller	May 13, 1996
* ----- (Jane C. Bradley)	Director	May 13, 1996
/s/ Kennett F. Burnes ----- (Kennett F. Burnes)	Director	May 13, 1996
* ----- (John G.L. Cabot)	Director	May 13, 1996
* ----- (Arthur L. Goldstein)	Director	May 13, 1996
* ----- (Robert P. Henderson)	Director	May 13, 1996
* ----- (Arnold S. Hiatt)	Director	May 13, 1996

SIGNATURE

TITLE

DATE

*

Director

May 13, 1996

(John H. McArthur)

*

Director

May 13, 1996

(John F. O'Brien)

*

Director

May 13, 1996

(David V. Ragone)

*

Director

May 13, 1996

(Charles P. Siess, Jr.)

*

Director

May 13, 1996

(Morris Tanenbaum)

*

Director

May 13, 1996

(Lydia W. Thomas)

*By /s/ Charles D. Gerlinger

Charles D. Gerlinger
As Attorney-in-Fact**

May 13, 1996

** By authority of Power of Attorney filed as Exhibit 24 to this Registration Statement

EXHIBIT INDEX

EXHIBIT NUMBER - - - - -		PAGE - - - -
5.	Opinion of Robert Rothberg, Vice President and General Counsel.	
23.1	Consent of Robert Rothberg is contained in the Opinion filed as Exhibit 5 to this Registration Statement.	
23.2	Consent of Coopers & Lybrand, L.L.P.	
24.	Power of Attorney.	
28.	1996 Equity Incentive Plan.	

May 13, 1996

Cabot Corporation
75 State Street
Boston, Massachusetts 02109

Ladies and Gentlemen:

I am Vice President and General Counsel of Cabot Corporation, a Delaware corporation (the "Company"). In that capacity, I have acted as counsel for the Company, with respect to the Company's Form S-8 Registration Statement (the "Registration Statement") to be filed by the Company with the Securities and Exchange Commission in connection with the registration under the Securities Act of 1933, as amended, by the Company of an aggregate of 2,800,000 shares of Common Stock, par value \$1.00 per share (the "Shares"), subject to purchase under the Company's 1996 Equity Incentive Plan (the "Plan").

As counsel for the Company, I have examined, among other things, the provisions of such applicable federal and state laws and certain corporate records and proceedings, including the originals and/or copies of such documents, certificates and records as I have deemed necessary and appropriate in order to render this opinion.

Based on the foregoing, I am of the opinion that the Shares have been duly and validly authorized for issuance by all necessary corporate action on the part of the Company and, upon delivery thereof and payment therefor in accordance with the Plan and the Registration Statement, will be validly issued, fully paid, and non-assessable.

I consent to being named in the Registration Statement as counsel who is passing upon the legality of the Shares. I also consent to your filing copies of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/S/ ROBERT ROTHBERG

Robert Rothberg
Vice President and General Counsel
Cabot Corporation

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in this Registration Statement on Form S-8 of our report dated October 30, 1995, except for the information in Note I, for which the date is December 1, 1995, on our audits of the consolidated financial statements of Cabot Corporation as of September 30, 1995 and 1994, and for the years ended September 30, 1995, 1994 and 1993 which report is included in the Company's Annual Report on Form 10-K.

Coopers & Lybrand L.L.P.

Boston, Massachusetts
May 14, 1996

POWER OF ATTORNEY

We, the undersigned directors and officers of Cabot Corporation, hereby severally constitute and appoint Charles D. Gerlinger and William F. Robinson, Jr., and each of them, our true and lawful attorneys with full power to (i) sign for us, and in our names in the capacities indicated below, a Registration Statement to be filed with the Securities and Exchange Commission for the purpose of registering certain shares of Common Stock of Cabot Corporation, \$1 par value, to be issued pursuant to the 1996 Equity Incentive Plan, and any and all amendments thereto, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or either of them, to said Registration Statement and (ii) to file such Registration Statement and amendments with the Securities and Exchange Commission on behalf of Cabot Corporation.

Signature -----	Title -----	Date ----
/s/ Samuel W. Bodman _____ Samuel W. Bodman	Director and Chairman of the Board (Chief Executive Officer)	May 10, 1996
/s/ Kennett F. Burnes _____ Kennett F. Burnes	Director and President	May 10, 1996
/s/ Kenyon C. Gilson _____ Kenyon C. Gilson	Executive Vice President and Chief Financial Officer	May 10, 1996
/s/ Paul J. Gormisky _____ Paul J. Gormisky	Vice President and Controller (Principal Accounting Officer)	May 10, 1996
/s/ Jane C. Bradley _____ Jane C. Bradley	Director	May 10, 1996
/s/ John G.L. Cabot _____ John G.L. Cabot	Director	May 10, 1996
/s/ Arthur L. Goldstein _____ Arthur L. Goldstein	Director	May 10, 1996
/s/ Robert P. Henderson _____ Robert P. Henderson	Director	May 10, 1996

Signature -----	Title -----	Date -----
/s/ Arnold S. Hiatt ----- Arnold S. Hiatt	Director	May 10, 1996
/s/ John H. McArthur ----- John H. McArthur	Director	May 10, 1996
/s/ John F. O'Brien ----- John F. O'Brien	Director	May 10, 1996
/s/ David V. Ragone ----- David V. Ragone	Director	May 10, 1996
/s/ Charles P. Siess, Jr. ----- Charles P. Siess, Jr.	Director	May 10, 1996
/s/ Morris Tanenbaum ----- Morris Tanenbaum	Director	May 10, 1996
/s/ Lydia W. Thomas ----- Lydia W. Thomas	Director	May 10, 1996

1996 EQUITY INCENTIVE PLAN

1. PURPOSE

The purpose of this 1996 Equity Incentive Plan (the "Plan") is to advance the interests of Cabot Corporation (the "Company") by enhancing its ability to (a) attract and retain employees who are in a position to make significant contributions to the success of the Company and its subsidiaries; (b) reward employees for such contributions; and (c) encourage employees to take into account the long-term interests of the Company and its stockholders through ownership of shares of the Company's common stock ("Stock").

2. ADMINISTRATION

The Plan will be administered by the Compensation Committee or such other committee (the "Committee") of the Board of Directors of the Company (the "Board") as the Board may from time to time designate; provided that any Committee administering the Plan shall consist of at least three directors, none of whom shall be employees of the Company. The Committee will have authority, not inconsistent with the express provisions of the Plan and in addition to other authority granted under the Plan, to (a) grant awards ("Awards") and determine the terms and conditions of each Award; (b) modify or waive, on a case by case basis, any term or condition of, or compliance by a Participant with any obligation to be performed by him or her under, a previously granted Award; (c) prescribe forms, rules and procedures (which it may vary from time to time) as appropriate for the administration of the Plan; and (d) interpret the Plan and decide any questions and settle all controversies and disputes that may arise in connection with the Plan. Such determinations and actions of the Committee, and all other determinations and actions of the Committee made or taken under authority granted by any provision of the Plan, will be conclusive and will bind all parties.

3. EFFECTIVE DATE AND TERM OF PLAN

The Plan will become effective on the date on which it is approved by the stockholders of the Company. Upon this Plan becoming effective, no additional awards shall be made under the Equity Incentive Plan approved by the stockholders of the Company at the 1989 Annual Meeting of Stockholders (the "Prior Plan") but awards made under the Prior Plan shall be governed by the terms of the Prior Plan.

No Award may be granted under the Plan after the tenth anniversary of the date on which this Plan was adopted by the Board, but Awards previously granted may extend beyond that date.

4. SHARES SUBJECT TO THE PLAN

Subject to adjustment as provided in Section 8.6, the maximum number of shares of Stock that may be delivered under the Plan will be (a) 1,400,000 shares of Stock; plus (b) any shares of Stock issued under the Plan or the Prior Plan and forfeited after the effective date of this Plan by a Participant in the Plan or the Prior Plan; plus (c) without duplication for shares counted under the immediately preceding clause, a number of shares of Stock equal to the number of shares repurchased by the Company in the open market or otherwise and having an aggregate repurchase price no greater than the amount of cash proceeds received by the Company from the sale of shares of Stock under the Plan; plus (d) any shares of Stock surrendered to the Company in payment of the exercise price of Options issued under the Plan. However, in no event shall the Company (a) deliver more than 1,400,000 shares of Stock under the Plan (subject to adjustment pursuant to Section 8.6) to the officers of the Company, or (b) issue any Award under the Plan if after giving effect to such Award the aggregate of all outstanding awards under the Plan and the Prior Plan (i.e., unexercised Options, unvested Purchase Restricted Stock, or other awards that remain subject to the restrictions of the Plan or the Prior Plan) would exceed 9.9% of the total number of shares of Stock at the time outstanding.

Stock delivered under the Plan may be either authorized but unissued Stock or previously issued Stock acquired by the Company and held in its treasury.

5. ELIGIBILITY AND PARTICIPATION

Those eligible to receive Awards under the Plan will be key employees of the Company or any of its subsidiaries ("Employees") who, in the opinion of the Committee, are in a position to make a significant contribution to the success of the Company or its subsidiaries. A "subsidiary" for purposes of the Plan is an entity in which the Company owns, directly or indirectly, equity interests possessing 40% or more of the total combined voting power of all classes of equity. The Committee will from time to time select the eligible Employees who are to be granted Awards ("Participants"), but no Participant shall receive Awards under the Plan covering more than 500,000 shares of Stock.

6. TYPES OF AWARDS

6.1. PURCHASE RESTRICTED STOCK.

(a) Nature of Purchase Restricted Stock Award. An Award of Purchase Restricted Stock entitles the recipient to acquire, at such time or times as the Committee may determine, shares of Stock subject to the restrictions described in paragraph (d) below ("Purchase Restricted Stock") for a consideration which may be either (i) any amount which is not less than 40% of the fair market value of the Stock at the time of grant, or (ii) an amount less than 40% of the fair market value of the Stock at the time of grant if the Committee has expressly determined to grant the discount in accordance with Section 6.5 or in lieu of a comparable amount of salary or cash bonus. However, the number of shares issued at less than 40% of the fair market value in lieu of salary or cash bonus shall be no more than 200,000 shares (subject to adjustment pursuant to Section 8.6).

(b) Acceptance of Award. A Participant who is granted a Purchase Restricted Stock Award will have no rights with respect to such Award unless, within 90 days (or such shorter period as the Committee may specify) following the date of the Award, the Participant accepts the Award by written instrument delivered or mailed to the Company accompanied by payment in full of the specified purchase price, if any, of the shares covered by the Award.

(c) Rights as a Stockholder. A Participant who receives Purchase Restricted Stock will have all the rights of a stockholder with respect to the Stock, including voting and dividend rights, subject to the restrictions described in paragraph (d) below and any other conditions imposed by the Committee at the time of grant.

(d) Restrictions. The restrictions on each grant of Purchase Restricted Stock will lapse at such time or times, and on such conditions, as the Committee may specify. However, not more than 3% of the shares of Stock available under the Plan shall be awarded as Purchase Restricted Stock with restrictions scheduled to lapse faster than ratably over a three year period from the date of grant. Except as otherwise specifically provided by the Plan or by the Committee in any particular case, until these restrictions lapse, Purchase Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of, and if the Participant ceases to be an Employee, must be resold to the Company for the amount of consideration (excluding services) paid for the Stock or such other consideration as the Committee shall determine, or forfeited to the Company if no consideration other than services was paid. The Committee shall not accelerate the time at which the restrictions on all or any part of a grant of Purchase Restricted Stock will lapse except as the Committee may determine to be appropriate in connection with a Participant's termination as an Employee.

6.2. OPTIONS.

(a) Nature of Options. An Option is an Award entitling the recipient on exercise thereof to purchase Stock at a specified exercise price.

Both "incentive stock options," as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and Options that are not incentive stock options, may be granted under the Plan. Any Option intended to qualify as an incentive stock option will be referred to in the Plan as an "ISO". Once an ISO has been granted, no action by the Committee that would cause the Option to lose its status under the Code as an incentive stock option will be effective without the consent of the Option holder.

(b) Exercise Price. The exercise price of an Option will be determined by the Committee, but except as provided in Section 6.5 the Committee shall not set the exercise price of an Option at less than the fair

market value per share of the Stock at the time the Option is granted unless the Committee expressly determines to grant the discount in lieu of a comparable amount of salary or cash bonus.

(c) Duration of Options. The latest date on which an Option may be exercised will be the tenth anniversary of the date the Option was granted, or such earlier date as may have been specified by the Committee at the time the Option was granted.

(d) Exercise of Options. An Option will become exercisable at such time or times, and on such terms and conditions, as the Committee may specify. The Committee may at any time accelerate the time at which all or any part of the Option may be exercised.

Any exercise of an Option must be in writing, signed by the proper person and delivered or mailed to the Company, accompanied by (1) any documents required by the Committee and (2) payment in full for the number of shares for which the Option is exercised.

6.3. APPRECIATION RIGHTS.

(a) Nature of Appreciation Rights. An Appreciation Right is an Award entitling the recipient on exercise of the Right to receive an amount, in cash or Stock or a combination thereof (such form to be determined by the Committee), determined in whole or in part by reference to appreciation in Stock value.

An Appreciation Right may be either a standard Stock Appreciation Right or a Performance Appreciation Right. A Stock Appreciation Right entitles the Participant to receive, with respect to each share of Stock as to which the Right is exercised, the excess of (1) the share's fair market value on the date of exercise, increased if the Committee so provides by the value of dividends on the Stock, over (2) its fair market value on the date the Right was granted. A Performance Appreciation Right is a form of Stock Appreciation Right pursuant to which the amount the recipient is entitled to receive is adjusted upward or downward under rules established by the Committee to take into account the performance of the Stock in comparison with the performance of other stocks or an index of other stocks or to take into account other criteria determined by the Committee to be appropriate to reflect the true performance of the Stock or the Company.

Appreciation Rights shall be exercisable at such time or times (not later than ten years from the date of grant), and on such terms, as the Committee may specify.

(b) Tandem Appreciation Rights. Appreciation Rights may be granted in tandem with, or independently of, Options granted under the Plan. The relationship between an Option and any Tandem Appreciation Rights shall be set forth in the respective instrument for the Option or the Tandem Appreciation Right or both.

6.4. PERFORMANCE AWARDS.

(a) Nature of Performance Awards. A Performance Award entitles the recipient to receive, without payment, an amount, in cash or Stock or a combination thereof (such form to be determined by the Committee), following the attainment of performance goals. Performance goals may be related to personal performance, corporate performance, departmental performance or any other category of performance deemed by the Committee to be important to the success of the Company. The Committee will determine the performance goals, the period or periods during which performance is to be measured and all other terms and conditions applicable to the Award.

(b) Other Awards Subject to Performance Conditions. The Committee may, at the time any Award described in this Section 6 is granted, impose the condition (in addition to any conditions specified or authorized in this Section 6 or any other provision of the Plan) that performance goals be met prior to the Participant's realization of any payment or benefit under the Award.

6.5. SUBSTITUTE AWARDS.

In connection with any acquisition, the Committee may grant Awards to persons who become Employees in connection with such acquisition in substitution for equity incentives held by them in the seller or acquired entity. In such case the Committee may set the prices and other terms of the substitute Awards at such amounts and in such manner as may be appropriate to preserve for the Participants the economic values of the

equity incentives for which such Awards are substitutes, or otherwise to provide such incentives as the Committee may determine are appropriate.

7. EVENTS AFFECTING OUTSTANDING AWARDS

7.1. DEATH AND DISABILITY.

If a Participant ceases to be an Employee by reason of death or total and permanent disability (as determined by the Committee), the following will apply:

(a) Subject to paragraph (c) below, each Option and Appreciation Right held by the Participant when his or her employment ended will immediately become exercisable in full and will continue to be exercisable until the earlier of (1) the third anniversary of the date on which his or her employment ended, and (2) the date on which the Award would have terminated had the Participant remained an Employee. If the Participant has died, his or her Award may be exercised within such limits by his or her executor or administrator or by the person or persons to whom the Award is transferred by will or the applicable laws of descent and distribution (the Participant's "legal representative").

(b) Subject to paragraph (c) below, each share of Purchase Restricted Stock held by the Participant when his or her employment ended will immediately become free of the restrictions.

(c) If when the Participant's employment ended exercise of an Option or Appreciation Right or lapse of restrictions on Purchase Restricted Stock was subject to performance or other conditions (other than conditions relating solely to the passage of time and continued employment, which automatically lapse pursuant to Section 7.1(a)) which had not been satisfied at such time, the Committee may remove or modify such conditions or provide that the Participant will receive the benefit of the Award if and when the conditions are subsequently satisfied. If the Committee does not take such action, however, such Award will terminate as of the date on which the Participant's employment ended as described above.

(d) Any payment or benefit under a Performance Award to which the Participant has not become irrevocably entitled will be forfeited and the Award canceled as of the date on which the Participant's employment ended, unless otherwise provided in the instrument evidencing the Award or otherwise agreed to by the Committee.

If a Participant dies after his or her employment has ended but while an Award held by him or her is still exercisable, his or her legal representative will be entitled to exercise such Award until the earlier of (1) the third anniversary of his or her death and (2) the date on which the Award would have terminated had the Participant remained an Employee.

7.2. OTHER TERMINATION OF EMPLOYMENT.

If a Participant ceases to be an Employee for any reason other than those specified in Section 7.1 above, except as otherwise determined by the Committee in any particular case, the following will apply:

(a) All Options and Appreciation Rights held by the Participant that were not exercisable when his or her employment ended will terminate. Any Awards that were so exercisable will continue to be exercisable until the earlier of (1) the date which is three months after the date on which his or her employment ended and (2) the date on which the Award would have terminated had the Participant remained an Employee.

(b) All Purchase Restricted Stock held by the Participant must be transferred to the Company in accordance with Section 6.1 above.

(c) Any payment or benefit under a Performance Award to which the Participant has not become irrevocably entitled will be forfeited and the Award canceled, unless otherwise provided in the instrument evidencing the Award or otherwise agreed to by the Committee.

For purposes of this Section 7.2, an Employee's employment will not be considered to have ended (1) in the case of sick leave or other bona fide leave of absence approved for purposes of the Plan by the Committee, so long as his or her right to reemployment is guaranteed either by statute or by contract, (2) as a result of a reduction in the Company's percentage ownership of the entity employing the Employee, or (3) in the case of

a transfer of the Employee to the employment of a person or entity acquiring all or a portion of the business of the Company or any of its subsidiaries.

7.3. CHANGE IN CONTROL.

Notwithstanding any other provision of the Plan or of any Award, in the event of a Change in Control as defined in Exhibit A the following will apply:

(a) Each outstanding Option and Appreciation Right will immediately become exercisable in full.

(b) Each outstanding share of Purchase Restricted Stock will immediately become free of all restrictions and conditions.

(c) Conditions on Performance Awards which relate solely to the passage of time and continued employment will be removed. Performance or other conditions (other than conditions relating solely to the passage of time and continued employment) will continue to apply unless otherwise provided in the instrument evidencing the Awards or in any other agreement between the Participant and the Company or unless otherwise agreed to by the Committee.

(d) During the 60-day period following the Change in Control, a Participant holding an Option or an Appreciation Right will have the right (by giving written notice to the Company) to surrender all or part of his or her Award to the Company and receive a cash payment equal to (1) the excess of the value per share of stock (as defined below) on the date of exercise over the exercise price per share, adjusted, in the case of a Performance Appreciation Right to take into account the performance of the Stock in comparison to the other stocks or index specified by the Committee, multiplied by (2) the number of shares subject to the surrendered Award. Such right will not apply to any Option as to which the Committee expressly excludes such right at the date of grant; provided, however, if (i) the Change of Control is a merger to be accounted for as a pooling of interest, (ii) adequate provision is made for all Participants to receive, in substitution for their Awards, awards from the surviving entity in the same form and terms (after giving effect to the foregoing paragraphs (a), (b) and (c)) and with the same economic value as their Awards under the Plan, and (iii) the Committee, in its discretion, determines that the rights to receive cash payment under this paragraph (d) are not in the best interests of the Company, then no Participant shall have the right pursuant to this paragraph (d) to surrender his or her Award to the Company for a cash payment. As used in this paragraph with respect to an election by a Participant to receive cash in respect of an Award which is not an ISO, the term "value per share" will mean the higher of (i) the highest reported sales price, regular way, of a share of Stock on the New York Stock Exchange Composite Transactions Index during the 60-day period ending on the date of the Change in Control and (ii) if the Change in Control is the result of the acquisition of Stock by a "person" (as defined in Exhibit A), the highest price per share of the Stock paid by such person. In the case of an election by a Participant to receive cash in respect of an ISO, however, the term "value" will mean fair market value unless otherwise agreed to by the Participant.

7.4. MERGERS, CONSOLIDATIONS, ETC.

In the event of a merger or consolidation in which the Company is not the surviving corporation or which results in the acquisition of substantially all the Company's outstanding Stock by a single person or entity or by a group of persons or entities acting in concert, or in the event of sale or transfer of all or substantially all of the Company's assets (a "covered transaction"), all outstanding Options and Appreciation Rights may be terminated by the Board as of the effective date of the covered transaction, subject to the following: If the covered transaction follows a Change in Control or would give rise to a Change in Control, no Option or Appreciation Right will be terminated (without the consent of the Participant) prior to the expiration of 20 days following the later of (i) the date on which the Award became fully exercisable and (ii) the date on which the Participant received written notice of the covered transaction.

8. GENERAL PROVISIONS

8.1. DOCUMENTATION OF AWARDS.

Awards will be evidenced by written instruments prescribed by the Company from time to time. Such instruments may be in the form of agreements, to be executed by both the Participant and the Company, or

certificates, letters or similar instruments, which need not be executed by the Participant but acceptance of which will evidence agreement to the terms thereof and hereof.

8.2. RIGHTS AS A STOCKHOLDER; DIVIDEND EQUIVALENTS.

Except as specifically provided by the Plan, the receipt of an Award will not give a Participant rights as a stockholder; the participant will obtain such rights, subject to any limitations imposed by the Plan or the instrument evidencing the Award, upon actual receipt of Stock. However, the Committee may, on such conditions as it deems appropriate, provide that a Participant will receive a benefit in lieu of cash dividends that would have been payable on any or all Stock subject to the Participant's Award had such Stock been outstanding. Without limitation, the Committee may provide for payment to the Participant of amounts representing such dividends, either currently or in the future, or for the investment of such amounts on behalf of the Participant.

8.3. CONDITIONS ON DELIVERY OF STOCK.

The Company will not be obligated to deliver any shares of Stock pursuant to the Plan or to remove any restriction from shares previously delivered under the Plan (a) until all conditions of the Award have been satisfied or removed, (b) until, in the opinion of the Company's counsel, all applicable federal and state laws and regulations have been complied with, (c) if the outstanding Stock is at the time listed on any stock exchange, until the shares to be delivered have been listed or authorized to be listed on such exchange upon official notice of notice of issuance, and (d) until all other legal matters in connection with the issuance and delivery of such shares have been approved by the Company's counsel. If the sale of Stock has not been registered under the Securities Act of 1933, as amended, the Company may require, as a condition to exercise of the Award, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of such Act and may require that the certificates evidencing such Stock bear an appropriate legend restricting transfer.

8.4. TAX WITHHOLDING.

The Company will withhold from any payment made pursuant to an Award an amount sufficient to satisfy all federal, state and local withholding tax requirements (the "withholding requirements").

In the case of an Award pursuant to which Stock may be delivered, the Committee will have the right to require that the Participant or other appropriate person remit to the Company an amount sufficient to satisfy the withholding requirements, or make other arrangements satisfactory to the Committee with regard to such requirements, prior to the delivery of any Stock. If and to the extent that such withholding is required, the Committee may permit the Participant or such other person to elect at such time and in such manner as the Committee provides to have the Company hold back from the shares to be delivered, or to deliver to the Company, Stock having a value calculated to satisfy the withholding requirement.

If at the time an ISO is exercised the Committee determines that the Company could be liable for withholding requirements with respect to a disposition of the Stock received upon exercise, the Committee may require as a condition of exercise that the person exercising the ISO agree (a) to inform the Company promptly of any disposition of Stock received upon exercise, and (b) to give such security as the Committee deems adequate to meet the potential liability of the Company for the withholding requirements and to augment such security from time to time in any amount reasonably deemed necessary by the Committee to preserve the adequacy of such security.

8.5. NONTRANSFERABILITY OF AWARDS.

Except as otherwise specifically provided by the Committee, no Award may be transferred other than by will or by the laws of descent and distribution, and during a Participant's lifetime an Award requiring exercise may be exercised only by him or her (or in the event of incapacity, the person or persons properly appointed to act on his or her behalf).

8.6. ADJUSTMENTS IN THE EVENT OF CERTAIN TRANSACTIONS.

(a) In the event of a stock dividend, stock split or combination of shares, recapitalization or other change in the Company's capitalization, or other distribution with respect to common stockholders other than normal cash dividends, the Committee will make any appropriate adjustments to the maximum number of shares that may be delivered under the Plan under Section 4 above.

(b) In any event referred to in paragraph (a) the Committee will also make any appropriate adjustments to the number and kind of shares of stock or securities subject to Awards then outstanding or subsequently granted, any exercise prices relating to Awards and any other provisions of Awards affected by such change. The Committee may also make such adjustments to take into account material changes in law or in accounting practices or principles, mergers, consolidations, acquisitions, dispositions, repurchases or similar corporate transactions, or any other event, if it is determined by the Committee that adjustments are appropriate to avoid distortion in the operation of the Plan, but no such adjustments other than those required by law may adversely affect the rights of any Participant (without the Participant's consent) under any Award previously granted.

8.7. EMPLOYMENT RIGHTS.

Neither the adoption of the Plan nor the grant of Awards will confer upon any person any right to continued employment with the Company or any subsidiary or affect in any way the right of the Company or subsidiary to terminate an employment relationship at any time. Except as specifically provided by the Committee in any particular case, the loss of existing or potential profit in Awards granted under the Plan will not constitute an element of damages in the event of termination of an employment relationship even if the termination is in violation of an obligation of the Company to the Employee.

8.8. DEFERRAL OF PAYMENTS.

The Committee may agree at any time, upon request of the Participant, to defer the date on which any payment under an Award will be made.

8.9. PAYMENT FOR STOCK AND OPTIONS.

Stock purchased from the Company under this Plan either as Purchase Restricted Stock or on exercise of an Option may be paid for with such legal consideration as the Committee may determine.

9. DISCONTINUANCE, CANCELLATION, AMENDMENT AND TERMINATION

The Committee may at any time discontinue granting Awards under the Plan. The Board may at any time or times amend the Plan or any outstanding Award for any purpose which may at the time be permitted by law, or may at any time terminate the Plan as to any further grants of Awards, provided that (except to the extent expressly required or permitted by the Plan) no such amendment will, without the approval of the stockholders of the Company, (a) increase the maximum number of shares available under the Plan, (b) extend the time within which Awards may be granted, or (c) amend the provisions of this Section 9, and no amendment or termination of the Plan may adversely affect the rights of any Participant (without his or her consent) under any Award previously granted.

CABOT CORPORATION

By /s/ Karen M. Morrissey

Vice President

March 13, 1996

EXHIBIT A

A "Change in Control" shall be deemed to have occurred if:

(a) any "person" as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "1934 Act") (other than (i) the Company, (ii) any subsidiary of the Company, (iii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or of any subsidiary of the Company, or (iv) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), is or becomes the "beneficial owner" (as defined in Section 13(d) of the 1934 Act), together with all Affiliates and Associates (as such terms are used in Rule 12b-2 of the General Rules and Regulations under the 1934 Act) of such person, directly or indirectly, of securities of the Company representing 25% or more of the combined voting power of the Company's then outstanding securities;

(b) the stockholders of the Company approve a merger or consolidation of the Company with any other company, other than (1) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, at least 65% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or (2) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (with the method of determining "beneficial ownership" used in clause (a) of this definition) acquires more than 50% of the combined voting power of the Company's then outstanding securities; or

(c) during any period of two consecutive years (not including any period prior to the execution of the Plan), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in clause (a), (b) or (d) of this definition) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved cease for any reason to constitute at least a majority thereof; or

(d) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.