

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1995

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

FOR THE TRANSITION PERIOD FROM TO
.

COMMISSION FILE NUMBER 1-5667

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 NUMBER)

75 STATE STREET,
BOSTON, MASSACHUSETTS
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

02109-1806
(ZIP CODE)

(617) 345-0100
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

COMMON STOCK, \$1.00 PAR VALUE PER SHARE:
36,298,492 SHARES OUTSTANDING
AT NOVEMBER 30, 1995

BOSTON STOCK EXCHANGE
NEW YORK STOCK EXCHANGE
PACIFIC STOCK EXCHANGE

PREFERRED STOCK PURCHASE RIGHTS

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes /X/ No / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item
405 of Regulation S-K is not contained herein, and will not be contained, to the
best of registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to this
Form 10-K. / /

The aggregate market value of the registrant's common stock held
beneficially or of record by shareholders who are not directors or executive
officers of the registrant at November 30, 1995, was approximately
\$1,547,609,000.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its 1996 Annual
Meeting of Stockholders (the "Proxy Statement") are incorporated by reference in
Part III.

PART I

ITEM 1. BUSINESS

GENERAL

Cabot's business was founded in 1882 and incorporated in the State of Delaware in 1960. The Company has businesses in specialty chemicals and materials and in energy. The Company and its affiliates have manufacturing facilities in the United States and 21 other countries.

The term "Cabot" as used in this Report refers to Cabot Corporation. The terms "Company" and "Registrant" mean Cabot and its consolidated subsidiaries.

The description of the Company's businesses is as of September 30, 1995, unless otherwise noted. Information regarding the revenues and operating profits of the Company's business segments and geographic areas appears on pages 15 and F-19 and F-20 of this Report.

On November 10, 1995, Cabot's Board of Directors authorized a two-for-one stock split of Cabot's common stock, \$1.00 par value per share ("Common Stock"), in the form of a stock dividend, subject to stockholder approval of an amendment to Cabot's Certificate of Incorporation to increase the authorized number of shares of Common Stock from 80,000,000 to 200,000,000 shares. If the stockholders approve such increase at the Company's Annual Meeting, scheduled for March 7, 1996, the record date for the split is expected to be March 15, 1996. In addition, the Board of Directors replaced the Company's Shareholder Rights Plan, which had been adopted in 1986, with a new Shareholder Rights Plan, which will expire in 2005. The rights under the old plan were redeemed at a price of \$0.05 per share and the rights under the new plan were distributed on November 24, 1995 to persons who were stockholders at the close of business on that date.

On September 8, 1995, the quarterly cash dividend paid on shares of Cabot's Common Stock was increased to \$0.18 per share from \$0.14 per share. In September 1995, Cabot commenced a program to repurchase up to 3,000,000 shares of its Common Stock in an effort to reduce the total number of shares of Common Stock outstanding. Pursuant to that program, Cabot purchased approximately 2,318,000 shares through December 15, 1995. Prior to that program, Cabot had previously purchased approximately 944,000 shares and options in private and open market transactions during fiscal 1995 for the purpose of replacing shares issued under the Company's employee incentive programs.

On July 11, 1995, the Company restructured the ownership of its safety and specialty composite materials business into a new corporation owned by the Company, Vestar Equity Partners, L.P. and the management of the newly formed Cabot Safety Corporation. This transaction yielded approximately \$128 million in after-tax proceeds to the Company. The Company has an approximately 42.5% ownership position in the new corporation.

Additional information regarding significant events affecting the Company in its fiscal year ended September 30, 1995, appears in this Report at pages 12 through 21.

SPECIALTY CHEMICALS AND MATERIALS

The Specialty Chemicals and Materials Group manufactures carbon black; fumed silica; thermoplastic concentrates and specialty compounds; and electronic materials and refractory metals. The Company also owns an approximately 42.5% interest in Cabot Safety Corporation, which manufactures and sells personal safety products and specialty composite materials.

CARBON BLACK DIVISIONS

The Company's Carbon Black Divisions manufacture and sell carbon black, a very fine black powder used as a reinforcing agent in tires (tire blacks) and industrial rubber products such as extruded profiles, hoses and molded goods (industrial rubber blacks). Non-rubber grades of carbon black, known as special blacks, are used to provide pigmentation, conductivity and ultraviolet protection and for other purposes in many specialty applications such as inks, plastics, cables and coatings. The Company believes that it is the leading manufacturer of carbon black in the world. It estimates that it has about one quarter of the worldwide production capacity and market share of carbon black. The Company competes in the manufacture of carbon black with three companies having an international presence and with at least 20 other companies in various regional markets in which it operates (see "General" on pages 3 and 4 of this Report).

The Company's carbon black business is operated through a matrix of four regional Divisions, European, North American, Pacific Asia and South American, and three sectors, industrial rubber blacks, special blacks and tire blacks. Carbon black plants owned by Cabot or a subsidiary are located in Argentina, Australia, Brazil, Canada, England, France (two plants), Indonesia, Italy, Japan, The Netherlands, Spain and the United States (four plants). Affiliates of the Company own carbon black plants in Colombia, the Czech Republic, India, Japan (two plants), Malaysia, Mexico, The People's Republic of China and Venezuela. During fiscal year 1995, an affiliate of the Company closed one of its carbon black plants in Japan. The Company also announced plans to increase its carbon black capacity in North America and South America (see Item 2 "Properties" at page 7 of this Report, and Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" at pages 16 and 17 of this Report). The Company consolidated the operations of its affiliates in the Czech Republic and India effective October 1, 1995.

The principal raw materials used in the manufacture of carbon black are carbon black oils derived from petroleum refining operations and from the distillation of coal tars and the production of ethylene throughout the world. The availability of raw materials has not been and is not expected to be a significant factor for the business. Raw material costs are influenced by the cost and availability of oil worldwide and the availability of various types of carbon black oils.

Sales are generally made by Company employees in the countries where carbon black plants are located. Export sales are generally made through distributors or sales representatives in conjunction with Company employees. Sales are made under various trademarks owned by Cabot, of which Cabot(R), Black Pearls(R), Elftex(R), Mogul(R), Monarch(R), Regal(R), Spheron(TM), Sterling(R) and Vulcan(R) are the best known.

CAB-O-SIL DIVISION

The Company's Cab-O-Sil Division manufactures and sells fumed silica and dispersions thereof under various trademarks including Cab-O-Sil(R). Fumed silica is an ultra-fine, high-purity silica produced by a flame process for use as a reinforcing, thickening, thixotropic, suspending or anti-caking agent in a wide variety of products for the automotive and construction industries and consumer industries, including adhesives, cosmetics, inks, lubricants, paints and pharmaceuticals. The Company also manufactures and sells high-purity polishing compounds, made from fumed metal oxides and a variety of chemistries, used in the manufacture of wafers, chips and other electronic devices by the semiconductor industry. The headquarters of the Cab-O-Sil Division is located in Aurora, Illinois, and its North American manufacturing plant is located in Tuscola, Illinois (see Item 2 "Properties" at page 7 of this Report for a discussion on an additional manufacturing facility planned to be constructed in Midland, Michigan). A subsidiary of Cabot owns a manufacturing plant in Wales, and an affiliate of Cabot owns a manufacturing plant in Germany. Raw materials for the production of fumed silica are various chlorosilane feedstocks. The feedstocks are either purchased or toll converted for owners of the materials. The Division has long-term procurement contracts in place which it believes will enable it to meet its raw material requirements. Sales of fumed silica products are made by Company employees and through distributors and sales representatives. There are five principal producers of fumed silica in the world (see "General" on pages 3 and 4 of this Report). The Company believes it is the leading producer and seller of this chemical in the United States and second worldwide.

PLASTICS DIVISION

The Company's Plastics Division produces black and white thermoplastic concentrates and specialty compounds for sale to plastic resin producers and the plastics processing industry. Major applications for these materials include pipe and tubing, packaging and agricultural film, automotive components, cable sheathing and special packaging for use in the electronics industry. The plastics business is operated through four sectors: polymer producers, specialty compounds, proprietary products in Europe and proprietary products in Asia. Sales are made by Company employees and through sales representatives and distributors primarily in Europe and Asia. This business has manufacturing facilities in Belgium (two plants), England, Hong Kong and Italy. In Europe, the Company is one of the three leading producers of thermoplastic concentrates. The main raw materials used in this business are carbon black, titanium dioxide, thermoplastic resins and mineral fillers. Raw materials are in general readily available. The Company also operates a small plastics recycling facility in Belgium.

PERFORMANCE MATERIALS DIVISION

The Cabot Performance Materials Division serves the electronic materials and refractory metals industries and produces tantalum, niobium (columbium), niobium titanium, cesium, germanium, rubidium and tellurium and their compounds. Tantalum is produced in various forms including powder, wire, sheet and foil for electrolytic capacitors. Tantalum and niobium and their alloys are also produced in wrought form for non-electronic applications such as chemical process equipment and the production of superalloys, and for various other industrial, aerospace and medical applications. Tantalum is also used in ballistic munitions by the defense industry. The headquarters and the principal manufacturing facility of this business are in Boyertown, Pennsylvania. Subsidiaries in Canada hold leasehold interests in land and certain mineral rights with respect to such land in Manitoba, Canada. (See Item 2 "Properties" at page 7 of this Report for additional manufacturing facilities planned to be constructed in Boyertown, Pennsylvania and Manitoba, Canada.) The subsidiaries mine and sell tantalite, spodumene, lepidolite and pollucite. An affiliate of the Company has a manufacturing plant in Japan. Raw materials are currently in adequate supply. The Company is presently seeking new sources of supply to support future demand. Raw materials are obtained from ores mined principally in Africa, Australia, Brazil and Canada and from by-product tin slags from tin smelting mainly in Malaysia and Thailand. Sales in the United States are made by personnel of the Company with export sales to Europe handled by Company employees and independent European sales representatives. Sales in Europe are made by an affiliate of the Company. Sales to Japan and other parts of Asia are handled primarily through employees of the Company's Japanese affiliate. There are currently three principal groups producing tantalum and niobium in the western world. The Company believes that it, together with its Japanese affiliate, is the leading producer of electronic grade tantalum powder and wire products with competitors having greater production in some other product lines (see "General" below).

OTHER

The Company maintained an approximately 42.5% ownership interest in Cabot Safety Corporation, after the restructuring of the Company's safety products and specialty composites business in July 1995, and has two representatives serving on the Board of Directors of Cabot Safety Corporation. Cabot Safety Corporation manufactures and sells personal safety products, as well as energy absorbing, vibration damping and impact absorbing products for industrial noise control and environmental enhancement.

GENERAL

The Company owns and is a licensee of various patents, which expire from time to time, covering many products, processes and product uses of the Specialty Chemicals and Materials Group. Although the rights of the Company and the products made and sold under these patents and licenses are important to the Specialty Chemicals and Materials Group, the loss of any particular patent or license would not materially affect the businesses of this Group, taken as a whole. Products of this Group are also sold by the Company under a

variety of trademarks, the loss of any one of which would similarly not materially affect the businesses of this Group, taken as a whole.

The Group's businesses are generally not seasonal in nature, although they experience some decline in sales in the fourth fiscal quarter due to European holiday plant shutdowns. Backlog orders for the Group believed to be firm as of September 30, 1995 were approximately \$169 million, compared to firm backlog orders as of September 30, 1994, of approximately \$108 million. All of the 1995 backlog orders are expected to be filled during fiscal year 1996.

Six major tire and rubber companies operating worldwide, one special blacks customer operating in Europe and the United States, and one fumed silica customer operating in Europe and the United States represent a material portion of the Group's total net sales and operating revenues; the loss of one or more of these customers might materially adversely affect the Group. The Cab-O-Sil Division's largest customer, Dow Corning Corp., filed for protection against its creditors under the bankruptcy laws in 1995. That filing is not expected to have a material adverse affect on the Cab-O-Sil Division.

The Company's specialty chemicals and materials are used in many end-uses associated with the automotive industry such as tires, extruded profiles, hoses, molded goods, capacitors and paints. The Company's financial results are affected by the cyclical nature of the automotive industry, although a large portion of the market is for replacement tires and other parts which are less subject to automobile industry cycles. During fiscal year 1995, the Company entered into long-term carbon black supply contracts with certain of its North American tire customers. These contracts are designed to provide such customers with a secure supply of carbon black and reduce the volatility in the Company's carbon black volumes and margins caused, in part, by automobile industry cycles.

Competition exists on the basis of price, service, quality, product performance and technical innovation in the businesses of this Group. Competitive conditions in the European market for carbon black were also affected by sales of carbon black produced in Russia, Hungary and Croatia. Competitive conditions also result in the need to carry an inventory of raw materials and finished goods in order to meet the customers' needs for prompt delivery of products. Competition in quality, service, product performance and technical innovation is particularly significant for the fumed silica, industrial rubber blacks, special blacks and tantalum businesses. Competition affecting the businesses of the non-carbon black parts of the Group comes from different firms for each product group.

ENERGY

The Company's energy businesses are conducted through two subsidiaries. The businesses include importing, transporting, terminalling and marketing of liquefied natural gas (through Cabot LNG Corporation, a wholly-owned subsidiary) and coal handling and distribution (by TUCO INC., a wholly-owned subsidiary). The headquarters of these companies are located as follows: Cabot LNG Corporation, Boston, Massachusetts, and TUCO INC., Amarillo, Texas. The Company also owns a 15% interest (17% assuming exercise of warrants) in K N Energy, Inc. ("KNE"), a natural gas services and utility company.

LIQUEFIED NATURAL GAS

The Company, through a subsidiary, purchases liquefied natural gas ("LNG") from Sonatrading, an affiliate of Sonatrach, the Algerian national oil and gas company, under a long-term and a medium-term supply contract. Cabot and Sonatrach have each agreed to assure performance of the obligations of their respective affiliates under these agreements. The LNG is stored and resold in the northeastern United States from a terminal facility in Everett, Massachusetts. The Company has received authorizations from the U.S. Department of Energy to import LNG under the contracts with Sonatrading, as well as blanket authorization to import LNG from other foreign suppliers on a short-term basis. The Company has also received authorization from the Federal Energy Regulatory Commission for sales services. The supply of LNG is currently limited to volumes contracted for with Sonatrading/Sonatrach.

In 1993, the Company was notified by Sonatrach that the renovation of Sonatrach's Algerian LNG production facilities would likely result in a temporary reduction of LNG deliveries to its customers, including the Company. The Company expects the curtailment of LNG from its Algerian supplier to continue through fiscal year 1996. The Company has been able to continue to meet its firm sales obligations to customers and is exploring additional sources of supply. The Company is not able to predict, at this time, what, if any, impact the political instability in Algeria may have on the future supply of LNG from its Algerian supplier, but to date, no direct adverse effect has been experienced. The loss of supply from the Algerian supplier could have a material adverse effect on the business of the Energy Group until additional sources of supply are obtained.

A consortium of companies consisting of Amoco Trinidad (LNG) B.V., British Gas Trinidad LNG Limited, Cabot Trinidad LNG Limited ("Cabot Trinidad," a wholly-owned subsidiary of Cabot LNG Corporation) and NGC Trinidad and Tobago LNG Limited have formed Atlantic LNG Company of Trinidad and Tobago ("Atlantic LNG") to construct, own and operate a new LNG plant in the Republic of Trinidad and Tobago designed to export 385 million cubic feet of natural gas per day in the form of LNG. Repsol International Finance B.V., a wholly-owned subsidiary of Repsol S.A., has elected to exercise an option to acquire a shareholding in Atlantic LNG. Cabot Trinidad owns ten percent of Atlantic LNG. Cabot LNG Corporation and ENAGAS, S.A., the largest importer and wholesaler of natural gas in Spain, have entered into sales contracts with Atlantic LNG under which Cabot LNG will purchase 60% and ENAGAS will purchase the remaining 40% of the LNG to be produced by Atlantic LNG's new plant. The plant is expected to be completed and deliveries of LNG to commence in fiscal year 1999. In November 1995, the Company received authorization from the U.S. Department of Energy to import up to 100 billion cubic feet of LNG per year from Trinidad and other countries for a period of 40 years.

In 1992, a subsidiary of the Company entered into a long-term contract with Nigeria LNG Limited for the supply of LNG from a project to be constructed. Amid delays in the implementation of the LNG project, the subsidiary did not agree to extend the contract, and Nigeria LNG Limited has sent notice of termination of the contract.

COAL HANDLING AND DISTRIBUTION

TUCO INC. ("TUCO") purchases coal mined in Wyoming pursuant to long-term and short-term (spot) contracts and has it transported by rail to Texas where it is processed and sold to Southwestern Public Service Company ("SPS") pursuant to long-term sales contracts for use in generating electricity. The loss of SPS as a customer of TUCO would have a material adverse effect on the Energy Group. The supply of coal is regarded as adequate.

In August 1995, the Company entered into an agreement to sell TUCO to SPS for consideration approximating \$77 million. That sale is subject to regulatory approvals, which are presently being sought.

OTHER

The Company acquired its investment in KNE in connection with the merger of American Oil and Gas Corporation with a subsidiary of KNE in July 1994. The Company has reflected its investment in the common stock of KNE at its fair market value on September 30, 1995.

GENERAL

The Energy Group is not materially dependent upon any patent, trademark or intellectual property license. Backlog orders are not significant to this Group. Sales by the coal business are stronger in the summer months because of electrical demands for air conditioning and agricultural purposes in the Texas Panhandle area, while sales by the LNG business are stronger in the winter months because of heating demands in New England. No significant working capital is required by this Group other than for coal inventories.

Price competition characterizes the markets served by the LNG business. The Group has numerous competitors including natural gas suppliers and suppliers of alternative fuels.

OTHER INFORMATION

EMPLOYEES

As of September 30, 1995, the Company had approximately 4,100 employees. Approximately 600 employees in the United States are covered by collective bargaining agreements. The Company believes that its relations with its employees are satisfactory.

RESEARCH AND DEVELOPMENT

The Company's Specialty Chemicals and Materials Group develops new and improved products and processes and greater operating efficiencies through Company-sponsored research and technical service activities including those initiated in response to customer requests. Expenditures by the Company for such activities are shown on page F-1 of this Report.

ENVIRONMENT, SAFETY AND HEALTH

The Company's operations are subject to various environmental laws and regulations. Over the past several years, the Company has expended considerable sums to add, improve, maintain and operate facilities for environmental protection. Expenditures for equipment or facilities intended solely for environmental protection are estimated to have been approximately \$6 million in fiscal year 1995 and are expected not to exceed \$30 million in fiscal year 1996. Expenditures of at least \$65 million in the aggregate for such equipment and facilities are forecast to be spent in fiscal years 1996, 1997 and 1998 to enable Cabot's U.S. plants to comply with the Clean Air Act.

The Company has been named as a potentially responsible party under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (the "Superfund law") with respect to several sites (see Item 3, "Legal Proceedings," on pages 7 through 9 of this Report for a description of various environmental proceedings). During the next several years, as remediation for various environmental sites is carried out, the Company expects to spend a significant portion of its \$51.6 million environmental reserve for costs associated with such remediation. Additions are made to the reserve based on the Company's continuing analysis of its share of costs likely to be incurred at each site. The sites are primarily associated with divested businesses.

In October 1995, a working group of the International Agency for Research on Cancer ("IARC") recommended that IARC's classifications of carbon black be changed from Category 3 (insufficient evidence to make a determination regarding carcinogenicity) to Category 2B (known animal carcinogen, possible human carcinogen), based on results of studies of rat inhalation of carbon black. The Company has communicated this recommended change in IARC classification to its customers and employees. If the working group's recommendation is confirmed by IARC's director, the Company will make changes to its material safety data sheets and elsewhere, as appropriate. The Company continues to believe that available evidence, taken as a whole, indicates that carbon black is not carcinogenic to humans, and does not present a health hazard when handled in accordance with good housekeeping and safe workplace practices as described in the Company's material safety data sheets.

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS, FOREIGN AND DOMESTIC OPERATIONS AND EXPORT SALES

Industry segment financial data are set forth in tables on pages 15 and F-19 and F-20 of this Report. A significant portion of the Company's revenues and operating profits is derived from overseas operations. The profitability of the Specialty Chemicals and Materials businesses is affected by fluctuations in the value of the U.S. dollar relative to foreign currencies. The Company's overseas operations do not currently include any energy-related businesses. (See Note N of the Notes to Consolidated Financial Statements for further information relating to sales and profits by geographic area, on pages F-19 and F-20 of this Report, and Management's Discussion and Analysis of Financial Condition and Results of Operations, appearing in Item 7 on pages 12 through 21 of this Report.) Currency fluctuations and nationalization and expropriation of assets are risks inherent in international operations. The Company has taken steps it deems prudent in its

international operations to diversify and otherwise to protect against these risks, including the purchase of forward foreign currency contracts and options to reduce the risk associated with changes in the value of certain foreign currencies compared to the U.S. dollar.

ITEM 2. PROPERTIES

The Company owns, operates and leases office, manufacturing, production, terminalling, storage, marketing and research and development facilities in the United States and in foreign countries.

The principal facilities of the Company's business units are described generally in Item 1 above.

The principal facilities owned by the Company in the United States are: (i) the administrative offices and manufacturing plants of its carbon black operations in Louisiana, Massachusetts, Texas and West Virginia (comprising approximately 84,800 square yards); (ii) its research and development facilities in Illinois, Massachusetts, Pennsylvania and Texas and its applications development facility in Georgia (comprising approximately 24,700 square yards); (iii) administrative offices and manufacturing plants of its Cab-O-Sil and Cabot Performance Materials business units in Illinois and Pennsylvania (comprising approximately 56,400 square yards); and (iv) its LNG terminalling and storage facility in Massachusetts (comprising approximately 3,250 square yards). Portions of plants in Louisiana referred to above are constructed on long-term ground leases.

The Company's principal foreign facilities are owned by subsidiaries and together they comprise approximately 433,600 square yards of manufacturing facilities, 3,900 square yards of research and development facilities, and 63,500 square yards of administrative facilities.

The principal facilities leased by the Company in the United States are its corporate headquarters and the administrative offices of the LNG companies in Boston, Massachusetts, the carbon black operations in Georgia and the administrative offices of the Cabot Performance Materials business in Pennsylvania (comprising approximately 17,900 square yards).

The principal facilities leased by subsidiaries in locations outside of the United States are the administrative offices and manufacturing facilities of the carbon black operations in France and Spain and the Plastics business in Belgium as well as the leasehold interests of the Cabot Performance Materials business in Canada (comprising approximately 89,000 square yards).

The Company's administrative offices are generally suitable and adequate for their intended purposes, except that additional administrative offices are planned at the Company's research and development facility in Billerica, Massachusetts. Existing manufacturing facilities of the Company are not sufficient to meet the Company's increased requirements for the future and are being supplemented by additional production facilities in several locations in the U.S. and outside the U.S. A new plant to produce fumed silica is planned to be constructed in Midland, Michigan; projects to expand carbon black production capacity are being undertaken in North America, South America and Indonesia; a slurry manufacturing facility, together with laboratory space, is under construction in Aurora, Illinois; projects to expand tantalum powder and wire capacity are being undertaken in Boyertown, Pennsylvania; and a cesium formate plant is planned for Manitoba, Canada.

ITEM 3. LEGAL PROCEEDINGS

The Company is a defendant in various lawsuits and environmental proceedings wherein substantial amounts are claimed. The following is a description of the significant proceedings pending as of September 30, 1995:

Environmental Proceedings

In 1994, Cabot and the State of Florida signed a settlement of a 1983 state court lawsuit requiring Cabot to pay the State \$650,000 in past costs associated with a site in Gainesville, Florida. The site included a parcel of land on which Cabot previously owned and operated a pine tar distillation plant. In 1995, Cabot completed

installation of a groundwater collection system and removed the contaminated soil from an old coal tar lagoon near its former property. Cabot has filed a cost recovery suit against other responsible parties at the site seeking reimbursement of their share of response costs.

In April 1985, Cabot and five other companies entered into a consent order with the U.S. Environmental Protection Agency ("EPA") under the Superfund law to perform a remedial investigation and feasibility study with respect to the King of Prussia Technical Corp. site in Winslow Township, New Jersey. A Record of Decision ("ROD") was issued by the EPA specifying a combination of remedial actions for the site at an estimated cost of almost \$15 million. The EPA issued an administrative order directing Cabot and four other companies to design and complete the remedial measures; most of the work on site remediation has been completed. Cabot and the other companies involved have reached a tentative agreement on the portions of the costs to be borne by each company.

Beginning in May 1986, the Department of Environmental Protection of the State of New Jersey ("NJDEP") issued directives under the New Jersey Spill Compensation and Control Act to Cabot and other potentially responsible parties ("PRPs") to fund a remedial investigation for the cleanup of hazardous waste at the Old Bridge Township landfill near Perth Amboy, New Jersey. Cabot and other parties contributed funds for a remedial investigation and feasibility study which was conducted by a consultant to the NJDEP. In September 1992, the EPA issued a ROD specifying certain remedial actions and indicating that a second ROD would be issued following further study. Preliminary action on the first ROD has been taken by the NJDEP. A group of companies, including Cabot, has reached a tentative agreement with the NJDEP to perform an additional study of the site and to handle minor remedial work. Until the study is complete, it will not be possible to identify what the remediation costs for this site will be or what Cabot's portion of such costs will be.

In 1989, the United States filed a claim in the U.S. District Court for the Eastern District of Pennsylvania against 18 defendants under the Superfund law for recovery of the EPA's cleanup costs at Moyer's Landfill in Collegeville, Pennsylvania, estimated to be \$48 million. For several years, Moyer's Landfill was used for the disposal of municipal and industrial wastes by numerous parties, including Cabot. More than 100 additional parties, including Cabot, were brought into the litigation by means of a third-party complaint. Recently, the EPA reached settlements in principle with certain parties, including Cabot, and settlement documents are now being completed.

In 1989 and 1990, respectively, Cabot completed a remedial investigation and feasibility study of its former beryllium processing plant in Hazleton, Pennsylvania, and submitted the study to the Pennsylvania Department of Environmental Resources ("DER"). An environmental consultant retained by Cabot has designed and implemented certain of the remedial measures described in the study. In April 1991, the DER issued a wastewater discharge permit to Cabot but included certain limitations to which Cabot objected by filing an appeal with the Pennsylvania Environmental Hearing Board. In August 1993, DER and Cabot resolved the issues on appeal in a manner satisfactory to both parties and the appeal was withdrawn. Source control remediation efforts by Cabot are continuing and are scheduled for completion in late 1996.

Cabot is one of approximately 25 parties identified by the EPA as PRPs under the Superfund law with respect to the cleanup of Fields Brook (the "Brook"), a tributary of the Ashtabula River in northeastern Ohio. From 1963 to 1972, Cabot owned two manufacturing facilities located beside the Brook. The EPA has specified a remedy for the site but continues to assess the condition of the Brook. Cleanup is expected to begin in 1997 or 1998. Pursuant to an EPA administrative order, 15 companies, including Cabot, are performing the design and other preliminary work relating to sediment cleanup. Concurrently, the companies and the EPA are evaluating remedial alternatives for the floodplain and wetlands areas adjacent to the Brook. The EPA has not selected the remedy for these areas. Consequently, it is not possible to determine future remedial costs for the floodplain and wetlands. The EPA's cost recovery claims through the end of 1989 have been settled; the companies, including Cabot, that have paid for work at the site are seeking to recover a share of those costs from other responsible parties. At one of the plants formerly operated by Cabot, two subsequent owners are working with Cabot in evaluating site conditions and potential remedies. The EPA has not selected the remedy for this plant site or any other plant along the Brook; it is not possible at this time to determine future

remedial costs or Cabot's share of those costs. The State of Ohio has also notified Cabot and several other companies that it will seek damages for injury to natural resources at the Brook. Cabot is also participating in arbitration proceedings with succeeding plant owners regarding costs associated with remediation of the Brook and the plant site.

In 1994, Detrex Chemical Industries, Inc. filed third-party complaints against eight companies, including Cabot, in connection with material allegedly sent to the Koski/RES landfill in Ashtabula, Ohio. Cabot and other third-party defendants filed complaints against five additional companies that sent waste to the site. It is not possible at this time to determine future remedial costs or Cabot's share, if any, of such costs.

In 1994, five plaintiffs filed suit in the U.S. District Court for the Eastern District of Pennsylvania against 18 defendants, including Cabot, under the Superfund law and State law seeking recovery of remediation costs at the Berks Landfill site, which is located in the vicinity of Reading, Pennsylvania. The plaintiffs claim that a beryllium alloy plant formerly owned by Cabot and located in Reading, Pennsylvania sent waste to the Berks Landfill. The EPA has not selected a remedy for the site. It is not possible at this time to determine future remedial costs or the amount of those costs which Cabot may share with the current owner.

In 1994, the EPA issued a Unilateral Administrative Order to Cabot and 11 other respondents pursuant to the Superfund law with respect to the Revere Chemical Site (a/k/a Echo Site) in Nockamixon Township, Bucks County, Pennsylvania (the "Revere Site"). The Order requires the respondents to design and implement several remedial measures at the Revere Site, estimated to cost approximately \$15 million. Cabot's portion of that cost, if any, has not yet been determined. Cabot has responded to the EPA's Order by indicating that it should not have been named as a respondent and by raising several objections to the Order.

Cabot has received various requests for information and notifications that it may be a PRP at several other Superfund sites.

As of September 30, 1995, approximately \$51.6 million was accrued for environmental matters by the Company. The amount represents the Company's current best estimate of its share of costs likely to be incurred based on its analysis of the extent of cleanup required, alternative cleanup methods available, abilities of other responsible parties to contribute and its interpretation of laws and regulations applicable to each site.

Breast Implant Litigation

Fumed silica supplied by Cabot was used by others in the manufacture of silicone breast implant envelopes. There are currently pending more than 10,000 lawsuits in state and federal courts alleging injuries against various parties arising from the use of silicone breast implants. Cabot had been named as a defendant in fewer than 100 breast implant lawsuits. As a result of voluntary dismissals (some without prejudice to the right of the plaintiff to refile a complaint) and summary judgments granted to Cabot, Cabot is currently a defendant in only one such lawsuit. Cabot has not made any settlement payments in connection with any breast implant suits. Cabot believes that it has adequate defenses in the lawsuit in which it is known to be a defendant. However, the scientific, legal and societal issues raised by these cases are complex and the outcome is uncertain. Cabot, therefore, cannot predict with any assurance the course this lawsuit will take, the number of cases to which Cabot will be added as a defendant, the amount of damages, if any, that may be assessed against Cabot or the defense costs that will be incurred by Cabot.

Other Proceedings

Cabot has been named as one of many defendants in a lawsuit, now pending in the U.S. District Court in Oklahoma, brought by a large group of plaintiffs claiming personal injury due to exposure to and contact with certain chemicals and materials allegedly manufactured by the defendants. Plaintiffs seek actual and punitive damages against all defendants, jointly and severally, in the aggregate amount of \$1.25 billion. Cabot has reached a settlement agreement with the plaintiffs, pursuant to which it will pay a nominal amount in settlement of all claims against Cabot.

The Company has various other lawsuits, claims and contingent liabilities arising in the ordinary course of its business. In the opinion of the Company, although final disposition of all of its suits and claims may impact

the Company's financial statements in a particular period, it should not, in the aggregate, have a material adverse effect on the Company's financial position. (See Note L of the Notes to the Company's Consolidated Financial Statements on pages F-17 and F-18 of this Report).

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

Set forth below, as of November 30, 1995, for each executive officer of Cabot is information regarding his age, position(s) with Cabot, the periods during which he served as an officer and his business experience during at least the past five years:

NAME	AGE	OFFICES HELD/BUSINESS EXPERIENCE	DATES HELD
Samuel W. Bodman....	57	Cabot Corporation Chairman of the Board President Chief Executive Officer	October 1988 to present February 1991 to February 1995 January 1987 to October 1988 February 1988 to present
Kennett F. Burnes...	52	Cabot Corporation President Executive Vice President	February 1995 to present October 1988 to February 1995
Kenyon C. Gilson....	51	Cabot Corporation Chief Financial Officer Vice President	October 1995 to present August 1989 to present
Paul J. Gormisky....	42	Cabot Corporation Controller Vice President Director of Finance, Carbon Black Director of Corporate Planning	April 1995 to present February 1994 to present May 1993 to April 1995 May 1990 to May 1993
Robert Rothberg.....	46	Cabot Corporation Vice President and General Counsel Choate, Hall & Stewart (law firm), Partner	October 1993 to present January 1982 to October 1993

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Cabot's common stock is listed for trading (symbol CBT) on the New York, Boston and Pacific Stock Exchanges. As of September 30, 1995, there were approximately 2,100 holders of record of Cabot's common stock. The price range in which the stock has traded, as reported on the composite tape, and the quarterly cash dividends for the past two fiscal years are shown below, restated to reflect a two-for-one stock split in August 1994.

STOCK PRICE AND DIVIDEND DATA

	DECEMBER	MARCH	JUNE	SEPTEMBER	YEAR
FISCAL 1995					
Cash dividends per share.....	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.18	\$ 0.60
Price range of common stock:					
High.....	\$28.75	\$37.13	\$52.75	\$57.88	\$57.88
Low.....	\$25.63	\$28.13	\$36.88	\$48.13	\$25.63
Close.....	\$28.38	\$36.88	\$52.75	\$53.13	\$53.13
FISCAL 1994					
Cash dividends per share.....	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.14	\$ 0.53
Price range of common stock:					
High.....	\$29.19	\$28.00	\$26.63	\$28.38	\$29.19
Low.....	\$26.13	\$25.56	\$24.44	\$25.13	\$24.44
Close.....	\$26.94	\$27.00	\$25.56	\$27.25	\$27.25

ITEM 6. SELECTED FINANCIAL DATA

Cabot Corporation Selected Financial Data:

	YEARS ENDED SEPTEMBER 30,				
	1995	1994	1993	1992	1991
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)					
Financial Highlights					
Net sales and other operating revenues from continuing operations.....	\$1,830,393	\$1,679,819	\$1,614,315	\$1,556,986	\$1,482,089
Income from continuing operations.....	\$ 171,932	\$ 78,691	\$ 37,410	\$ 62,223	\$ 39,825
Long-term debt.....	\$ 306,443	\$ 307,828	\$ 459,275	\$ 479,882	\$ 369,609
Minority interest.....	\$ --	\$ --	\$ --	\$ 9,756	\$ --
Stockholders' equity.....	\$ 685,000	\$ 562,489	\$ 442,273	\$ 492,955	\$ 426,863
Total capitalization.....	\$ 991,443	\$ 870,317	\$ 901,548	\$ 982,593	\$ 796,472
Total assets.....	\$1,654,333	\$1,616,756	\$1,489,473	\$1,554,529	\$1,462,396
Per Share:					
Income from continuing operations.....	\$ 4.35	\$ 1.96	\$ 0.90(a)	\$ 1.59	\$ 0.85
Net income.....	\$ 4.35	\$ 1.96	\$ 0.20(b)	\$ 1.59	\$ 2.90
Cash dividends.....	\$ 0.60	\$ 0.53	\$ 0.52	\$ 0.52	\$ 0.52
Average shares outstanding -- thousands.....	38,726	38,249	37,438	36,802	42,556

(a) Includes charge of \$0.83 per share for the restructuring of the Company's Specialty Chemicals and Materials businesses and a favorable energy accrual adjustment of \$0.23 per share. (see Item 7 of this Report)

(b) Includes a charge of \$0.70 per share for the cumulative effect of required accounting changes. (see Item 7 of this Report)

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Building on global economic strength that began in late 1994, Cabot achieved strong financial results in each of its specialty chemicals businesses, and in each of the four geographic regions in which it operates. Cabot had earnings from continuing operations of \$171.9 million (\$4.35 per common share), more than doubling 1994 earnings. Operating profit increased 63% in 1995 to \$299.5 million. The increase was primarily due to margin improvement and higher volumes in the Specialty Chemicals and Materials Group.

The following analysis of financial condition and operating results should be read in conjunction with the Company's Consolidated Financial Statements and accompanying Notes.

RESULTS OF OPERATIONS

Net sales and other operating revenues increased 9% in 1995 over 1994, compared to a gain of 4% in 1994 over 1993. The improvement came from the Specialty Chemicals and Materials Group. Sales benefited from strong global economies and strength in the automotive and tire markets. Europe realized the most significant improvement over 1994. Demand for Cabot products was exceptional. Price increases in many businesses further enhanced sales. In the Energy Group, the Company's liquefied natural gas (LNG) business experienced sales declines as a result of a low level of supplies of LNG due to the refurbishment of the liquefaction facilities of the Company's Algerian supplier.

Revenues

Specialty Chemicals and Materials vs. Energy (\$ millions)

[BAR GRAPH]	91	92	93	94	95
Specialty Chemicals & Materials	\$1,129	\$1,181	\$1,192	\$1,241	\$1,488
Energy	\$ 354	\$ 376	\$ 423	\$ 439	\$ 343

The 4% increase in the Company's net sales and other operating revenues in 1994 versus 1993 included improvement in both the Specialty Chemicals and Materials Group and the Energy Group. The Specialty Chemicals and Materials Group benefited from improving economies in several parts of the world, particularly in North and South America, and the resulting improvement in the tire and automotive industries. In the Energy Group, revenue gains from 1994 over 1993 were mostly due to the Company's LNG business, which benefited from an unusually cold winter in the northeastern United States, prompting increased demand and higher natural gas prices.

The Company has announced plans to add capacity to its North American tire blacks business as a result of entering into long-term supply contracts with certain tire customers. The Company has also announced plans to add capacity to its South American carbon black operations and to build a new North American fumed silica plant.

Cost of sales as a percentage of net sales improved in 1995 to 69%, from 73% in 1994, and 75% in 1993. The decrease in 1995 results from better pricing and higher capacity utilization in many of the Company's Specialty Chemicals and Materials businesses, more than offsetting higher material costs. The improvement in 1994 was mainly due to better capacity utilization and lower material costs.

Selling, research, and administrative expenses increased 9%, or \$23 million, in 1995 versus an increase of 8%, or \$20 million, in 1994. The 1995 increase is largely a result of additional research and development dedicated to developing new, higher value products and processes, higher incentive compensation and additional selling expenses associated with increased volumes. These increases were partially offset by reduced

expenses in the Company's safety products and specialty composites business as a result of the July 1995 ownership restructuring. The 1994 increase relates to increased investment in systems and marketing development, increased incentive compensation and additional research and development as cited above.

OPERATING PROFIT

Operating profit was \$299.5 million in 1995, \$184.3 million in 1994, and \$118.4 million in 1993. Operating profit in 1993 included a \$47.4 million restructuring charge to rationalize European production capacity. Operating margins as a percentage of sales were 16% in 1995, 11% in 1994, and 10% before the restructuring charge in 1993.

Operating profit increased 63% in 1995 over 1994 as a result of significant improvement in the Specialty Chemicals and Materials Group, slightly dampened by declines in the Energy Group.

Operating Margins

Specialty Chemicals and Materials

(percent)

[BAR GRAPH]	91	92	93*	94	95
Operating Margins	9.1%	13.1%	8.5%	13.4%	19.3%

* includes \$47.4 million restructuring charge.

The most significant increases in operating profit were seen in the Company's European Specialty Chemicals businesses, as the full effect of economic recovery in that region was realized. In addition, better pricing conditions, improved product mix and higher capacity utilization significantly improved margins in all Specialty Chemicals businesses.

In the Energy Group, operating profit in fiscal year 1995 was down primarily due to reduced supplies of LNG in the Company's LNG business.

Included in 1994 operating profit was a \$4.0 million reversal of the 1993 Specialty Chemicals and Materials Group restructuring charge based on lower actual costs incurred during the closing of a carbon black plant in Europe. Also during 1994, a \$6.2 million charge was taken to write off the Company's investment in its Japanese carbon black affiliate as a result of significant ongoing losses.

OTHER EXPENSES

Interest expense for 1995, 1994 and 1993 was \$35.6 million, \$41.7 million and \$44.0 million, respectively. The decrease in 1995 is primarily due to lower average total debt and the results of refinancing fixed-rate, high coupon debt with short-term floating-rate debt at lower interest rates during the year. The improvement in 1994 was attributable to lower average debt than in 1993.

Unallocated corporate expenses were \$27.7 million in 1995 as compared with \$23.4 million in 1994 and \$20.7 million in 1993. Increases resulted from higher incentive compensation and environmental expenses, partially offset by higher interest and dividend income. Except for these items, unallocated corporate expenses have been relatively flat from 1993 to 1995.

"Adjustments of reserves related to divested businesses" includes charges related to environmental matters of \$12.5 million in 1995 and \$11.0 million in 1994. These adjustments are based on the Company's

estimates of additional costs likely to be incurred at various environmental sites. The Company is now in the implementation stage of remediation on certain sites, and its ability to accurately estimate its share of those costs has improved significantly. In 1994, the Company also reversed \$10.2 million of energy reserves based on the settlement of a significant case during that year. This compares to a \$14.2 million reversal of energy reserves in 1993.

PROVISION FOR INCOME TAXES

The effective tax rates on income from continuing operations were 39% in 1995, 38% in 1994 and 44% in 1993. The increased tax rate in 1995 resulted from the sale of a majority interest in the Company's safety business. The Company's fiscal year 1995 effective tax rate would have been 37% without that transaction. A more detailed analysis of income taxes is presented in Note K to the Consolidated Financial Statements.

NET INCOME

Reported income in 1995 was \$171.9 million (\$4.35 per common share), compared with \$78.7 million (\$1.96 per common share) in 1994, and \$37.4 million (\$0.90 per common share) before accounting changes in 1993. Income in 1995 includes a before-tax gain of \$32.6 million (\$0.37 per common share) associated with the sale of a majority interest of Cabot Safety Corporation, and a before-tax charge of \$12.5 million (\$0.20 per common share) due to an additional adjustment in environmental reserves. Income in 1994 included a \$10.2 million (\$0.16 per common share) gain due to the reversal of energy reserves and an \$11.0 million (\$0.18 per common share) expense due to an additional adjustment in environmental reserves. Income in 1993 included a \$47.4 million before-tax restructuring charge, a \$14.2 million before-tax favorable energy reserve adjustment and a \$26.1 million after-tax charge for required accounting changes. Without these adjustments, income from operations would have been \$165.3 million (\$4.18 per common share) in 1995, \$79.2 million (\$1.98 per common share) in 1994, and \$59.8 million (\$1.50 per common share) in 1993.

SPECIALTY CHEMICALS AND MATERIALS GROUP

The Specialty Chemicals and Materials Group includes the Company's global specialty chemicals operations. These operations manufacture carbon black, a very fine black powder used as a reinforcing agent in tires and most industrial rubber products, and also widely used as an agent in many specialty applications such as inks, plastics, cables and coatings; fumed silica, a specialty chemical used as a thickening, dispersing and reinforcing agent in hundreds of products such as silicone rubber and polyester resins; thermoplastic concentrates and specialty compounds; and tantalum capacitor materials and other metals and alloys for the semiconductor, aerospace, defense and medical markets. On July 11, 1995, the Company restructured the ownership of its safety products and specialty composites business into a new corporation owned by the Company, Vestar Partners and Cabot Safety management. Effective with the restructuring, the Company's interest in the results of the new corporation is reflected in "Equity in net income of affiliated companies."

Sales for the Specialty Chemicals and Materials Group were up 20% in 1995 and 4% in 1994. All businesses reported double-digit revenue growth in 1995 versus 1994. Each of the four geographic regions had increased sales. Most notable was a 41% increase in European revenues, reflecting the economic recovery in that region. Sales growth for the Group was driven by an overall 10% increase in volumes, most of which occurred during the first half of the year, and much improved pricing in many businesses. Sales growth in 1994 was primarily driven by volume improvement and economic recovery in North and South America.

SELECTED FINANCIAL DATA BY INDUSTRY SEGMENT

	YEARS ENDED SEPTEMBER 30,				
	1995	1994	1993	1992	1991
	(DOLLARS IN MILLIONS)				
NET SALES AND OTHER OPERATING REVENUES					
Specialty Chemicals and Materials.....	\$1,487.8	\$1,241.1	\$1,191.8	\$1,181.0	\$1,128.6
Energy.....	342.6	438.7	422.5	376.0	353.5
Net sales and other operating revenues.....	\$1,830.4	\$1,679.8	\$1,614.3	\$1,557.0	\$1,482.1
OPERATING PROFIT					
Specialty Chemicals and Materials(a)...	\$ 286.8	\$ 165.9	\$ 101.7	\$ 155.0	\$ 103.2
Energy.....	12.7	18.4	16.7	18.2	9.5
Total operating profit.....	299.5	184.3	118.4	173.2	112.7
Interest expense.....	35.6	41.7	44.0	41.7	38.6
Unallocated corporate expenses, net(b).	27.7	23.4	20.7	14.9	11.7
Gain on sale of safety business.....	(32.6)	--	--	--	--
Adjustment of reserves related to divested businesses.....	12.5	0.8	(14.2)	--	--
Income from continuing operations before income taxes.....	\$ 256.3	\$ 118.4	\$ 67.9	\$ 116.6	\$ 62.4
DEPRECIATION AND AMORTIZATION					
Specialty Chemicals and Materials.....	\$ 91.2	\$ 83.3	\$ 81.5	\$ 80.5	\$ 70.8
Energy.....	2.8	2.8	2.8	2.7	17.9
General corporate.....	0.2	0.2	0.2	0.9	0.5
Total.....	\$ 94.2	\$ 86.3	\$ 84.5	\$ 84.1	\$ 89.2
FIXED ASSET ADDITIONS					
Specialty Chemicals and Materials.....	\$ 130.4	\$ 70.7	\$ 63.9	\$ 76.5	\$ 138.0
Energy.....	0.8	2.9	0.7	1.3	59.4
General corporate.....	--	--	0.4	0.3	0.6
Total.....	\$ 131.2	\$ 73.6	\$ 65.0	\$ 78.1	\$ 198.0
IDENTIFIABLE ASSETS					
Specialty Chemicals and Materials.....	\$1,167.9	\$1,172.2	\$1,117.4	\$1,191.2	\$1,059.6
Energy.....	133.8	127.4	116.1	132.6	159.4
General corporate(c).....	253.7	231.0	89.3	79.9	83.5
Equity in affiliates -- Specialty Chemicals and Materials.....	98.9	86.2	103.1	91.0	100.1
Equity in affiliates -- Energy.....	--	--	63.6	59.8	59.8
Total.....	\$1,654.3	\$1,616.8	\$1,489.5	\$1,554.5	\$1,462.4

(a) Includes a \$47.4 restructuring charge in 1993.

(b) Unallocated corporate expenses, net, include corporate management costs reduced by investment income.

(c) General corporate assets include cash, temporary cash investments, investments other than equity basis, income taxes receivable, deferred taxes and headquarters' assets.

Specialty Chemicals and Materials Revenues
by Geographic Region (percent)

1994 [PIE CHART]

Pacific Asia	17%
North America	40%
Europe	35%
South America	8%

1995 [PIE CHART]

Pacific Asia	16%
North America	37%
Europe	39%
South America	8%

Revenues include 100% of equity affiliate sales revenues. Region reflects sales destination point.

In 1995, 63% of Specialty Chemicals and Materials sales made by the Company and its affiliates were to customers outside North America, compared with 60% in 1994, and 62% in 1993.

Operating profit for the Specialty Chemicals and Materials Group grew 73%, or \$120.9 million, in 1995 over 1994, compared to an increase of 63%, or \$64.2 million, in 1994 over 1993. Operating profit in 1993 included a restructuring charge of \$47.4 million. Before this restructuring charge, operating profit grew 11%, or \$16.8 million, in 1994 from 1993. In 1995, significantly stronger pricing, volume growth, higher capacity utilization and an improved product mix all contributed to the substantial margin improvement. The Company also received a significant benefit from favorable currency translations, especially versus European currencies, due to the relative weakness of the dollar. The improvement in 1994 was a result of volume growth and improved product mix.

Financial results from affiliates are reported in the income statement as "Equity in net income of affiliated companies." In 1995, equity in net income of affiliates was \$16.7 million, compared with \$5.3 million in 1994. The significant improvement is due to contributions from the new carbon black plant in the Czech Republic that began operation in late 1994, improved earnings in the Company's Mexican carbon black affiliate and the absence of losses from the Company's Japanese carbon black affiliate, the investment in which was written off in the third quarter of 1994.

The Company is the world's only global manufacturer of carbon black. In 1995, 66% of carbon black volumes sold by the Company and its affiliates were to customers outside North America, compared with 65% in 1994 and 67% in 1993. Carbon black is manufactured on five continents in 25 plants in 19 countries. Many carbon black facilities are wholly owned by the Company, while others are affiliates managed by the Company or by local partners in the specific regions. The Carbon Black Divisions serve three main market sectors, and each is affected in varying degrees by fluctuating economic conditions. Sales to tire manufacturers represent the largest percentage of carbon black volumes. This sector is dependent on both new automobile tire sales and, to a greater degree, the replacement tire market. The makers of industrial rubber products, such as hoses and gaskets, represent a second market for carbon black. The third market is made up of manufacturers of inks and other specialty applications that use very high grade carbon blacks.

During 1995, the Company entered into long-term carbon black supply agreements of more than six years with several of its tire customers in North America. The contracts are designed to share the Company's investment risks with customers, which, in turn, will allow Cabot to provide a secure carbon black supply to its contract customers and reduce the volatility of the Company's carbon black margins and earnings. These contracts, coupled with the Company's long-term strategy of product differentiation, are aimed at building a less cyclical carbon black business and reducing the Company's susceptibility to economic cycles. In conjunction with the signing of these contracts, the Company announced plans to add manufacturing capacity to its North American tire black business in order to meet the increasing supply obligations outlined in the contracts. In addition, the Company announced plans to add tire black capacity to its South American carbon

black operations to meet growing demand in that region. The Company expects to invest approximately \$230 million in these two expansion programs and in equipment and facilities designed to meet Clean Air Act requirements. The Company's previously announced carbon black expansion in Indonesia is expected to be completed in 1996.

The Carbon Black Divisions' total sales for 1995 increased significantly compared to a moderate increase in 1994. Each of the four geographic regions had revenue increases of more than 15%. The increase resulted from continued strength in the North and South American tire and automotive industries, the effect of a full year's economic recovery in Europe, and growing economies in the Pacific Asian region. During most of 1995, worldwide carbon black manufacturing capacity was extremely tight. Prices, most notably in North America, and margins increased during the year. Operating profit reflected the improved prices that more than offset higher raw material costs. The Divisions expect the strong performance to continue into 1996 although economic slowdowns could inhibit further growth.

Carbon Black Sales Volumes

by Geographic Region (percent)

1994	[PIE CHART]
Pacific Asia	22%
North America	35%
Europe	30%
South America	13%
1995	[PIE CHART]
Pacific Asia	21%
North America	34%
Europe	32%
South America	13%

Volumes include 100% of equity affiliates sales volumes. Region reflects sales destination point.

In 1994, the moderate increase in carbon black sales was due to the improved North and South American tire and automotive industries, and the beginning of a recovery in the European economy during the second half of the year.

The Cab-O-Sil Division reported a 19% revenue gain in 1995 compared to 1994, with improvement in both North America and Europe. Operating profit also increased significantly in 1995, reflecting modest volume growth, improved product mix and favorable margins from better pricing and higher capacity utilization. The Division expects continued growth in 1996. In 1994, the Division reported significant improvements in profitability due to strong volume growth, cost management and higher capacity utilization. During 1995, the Company purchased certain assets of the Rippey Corporation related to the sale and distribution of high-purity polishing compounds in an effort to further expand the rapidly developing semiconductor segment of the business. The Company also announced plans to build a new fumed silica plant in Midland, Michigan, to meet the growing demand for new and differentiated silica products. The new plant is estimated to cost \$50 million, and is expected to begin commercial operation in the first quarter of 1999.

In the Plastics Division, both revenues and operating profit were up significantly in 1995 compared with 1994. Market conditions that began to improve in late 1994 continued improving into 1995, enabling the Division to improve margins through higher pricing and an improved product mix. Overall volumes for the Division were down slightly year-over-year, reflecting some softening in Europe late in 1995. The Company expects the volume softness to carry into the early part of fiscal 1996 with some pricing pressure. In 1994, the Division's operating profit grew moderately as a result of careful cost management and restructuring initiatives undertaken in 1993, as well as improving economic conditions in Europe.

Cabot Performance Materials reported a 15% increase in revenues and a similar increase in profits in 1995 versus 1994. The improved results reflect the continued strong performance of the tantalum capacitor business, partially offset by continued operating problems, primarily related to yield and throughput. The

Division expects continued growth in 1996 driven by the tantalum capacitor business. The Company has begun making significant investments in this business to expand capacity and improve operating efficiency, of which at least \$35 million will be spent in 1996. Part of this capital investment program will include the construction of a new \$10 million cesium formate production facility. In 1994, performance of the Division was negatively impacted by the operating problems mentioned previously.

On July 11, 1995, the Company restructured the ownership of its safety and specialty composite materials business into a new corporation owned by the Company, Vestar Equity Partners and the management of the newly formed Cabot Safety Corporation. This transaction yielded approximately \$128 million in after-tax proceeds to the Company. Cabot has an approximately 42.5% ownership position in the new corporation. The performance of the business prior to the sale of the majority interest is included as part of the Specialty Chemicals and Materials Group. During the first three quarters of fiscal 1995, the Company's safety business reported a 26% increase in operating profit over the first three quarters of 1994, due primarily to higher volumes. In 1994, the business reported a slight decrease in profitability due to higher costs associated with marketing programs and one-time expenses. As of the date of the transaction, the Company began accounting for this affiliate using the equity method. As a result, future sales and operating profit of the Specialty Chemical and Materials Group will not include the results of Cabot Safety Corporation. The Company's safety business recorded approximately \$155 million of sales and \$17 million of operating profit in fiscal 1995 prior to the transaction.

THE ENERGY GROUP

The Energy Group includes two operating businesses: Cabot LNG Corporation, a liquefied natural gas importing, transporting, terminalling, and marketing operation; and TUCO INC. (TUCO), a coal fuel services business. Until July 13, 1994, the Company owned a 34.4% interest in American Oil and Gas Corporation (AOG), the earnings of which were reflected in "Equity in net income of affiliated companies." At that time, AOG was merged into a subsidiary of KN Energy, Inc. (KNE), and Cabot became a 17% owner, including warrants, of KNE. The Company's investment in KNE is now accounted for on a cost basis, and dividends from this investment are included in interest and dividend income.

Energy Group sales were \$342.6 million in 1995, \$438.7 million in 1994 and \$422.5 million in 1993. Operating profit fell to \$12.7 million in 1995 from \$18.4 million last year. Declines in 1995 revenue and profit are primarily attributable to the Company's LNG business, which has been negatively impacted by reduced supplies of LNG caused by the refurbishment of the liquefaction facilities of the Company's Algerian supplier. The LNG business was able to reduce the impact of the supply curtailments by purchasing available domestic gas at competitive prices. In addition, the overall impact was mitigated by an unseasonably warm 1994-1995 winter in the northeastern United States. Profit in the Company's TUCO business was flat in 1995 compared to 1994 with price improvements offsetting slightly lower volumes.

Improved Energy Group results in 1994 were due to strong performance in the Company's LNG business, where an unusually cold winter in the northeastern United States boosted demand and resulted in higher natural gas prices. During 1994, TUCO's profit was lower as a result of disruptions in coal transportation from flooding in the midwestern U.S. that significantly reduced inventories of coal. This, in turn, reduced TUCO's service margins under a contractual formula.

The Company expects reduced supplies of LNG to impair the Energy Group's performance during fiscal 1996. The extent of the impact will depend on the actual number and timing of LNG shipments received, weather patterns and other factors. The Algerian supplier's refurbishment program is expected to be completed in 1996. The Company also cannot predict at this time, what, if any, impact the political instability in Algeria may have on the deliveries of LNG to the Company, but to date, no direct adverse effect has been experienced. The Company continues to explore other short-term LNG supply opportunities. The Company is a 10% shareholder in a company developing a proposed liquefaction plant in Trinidad, and has agreed to purchase 60% of the LNG produced by that plant. LNG from this project is expected to be available during fiscal year 1999. During the fourth quarter of this year, the Company announced plans to sell the stock of its

TUCO subsidiary to Southwestern Public Service Company for approximately \$77 million before taxes. The transaction is subject to regulatory approvals and is expected to be completed in fiscal 1996.

CASH FLOW AND LIQUIDITY

Cash generated in 1995 from the Company's operating activities increased 27% to \$182.0 million from \$143.8 million in 1994. The increase primarily resulted from higher net income than the year-ago period and an increase in taxes payable. This is partially offset by an increase in accounts receivable related to the increase in sales, most notably in Europe, and an increase in inventories in the Company's TUCO, Performance Materials and Carbon Black businesses.

Capital spending on property, plant and equipment was \$131.2 million in 1995, \$73.6 million in 1994 and \$65.0 million in 1993. The increased spending in 1995 includes costs associated with capacity expansions in the Company's North American carbon black operations, capital expenditures associated with the Performance Materials and Cab-O-Sil businesses, and the expansion of the Company's Indonesian carbon black subsidiary. Additional costs are expected to be incurred over several years and include an estimated \$200 million in North American carbon black (including Clean Air Act compliance costs), \$30 million in South American carbon black, and \$50 million for a new North American fumed silica plant.

The Company expects capital spending to more than double in 1996 as it continues to invest in new business opportunities.

Sources and Uses of Cash

Fiscal years 1994, 1995 (\$ millions)

Sources of Cash	[BAR GRAPH]	94	95
Operations		\$144	\$182
Sales of Assets		\$ 1	\$170

Uses of Cash	[BAR GRAPH]	94	95
Capital Expenditures and Investments		\$74	\$145
Dividends		\$24	\$ 26
Financing and Other		\$ 6	\$171

These expenditures include a portion of the ones mentioned previously, the Company's share of the Trinidad LNG project, additional expenses for the Performance Materials business, and an amount to further develop the special blacks business. Over the next several years, as the remediation of various environmental sites is carried out, the Company also expects to spend a significant portion of its \$51.6 million reserve for costs associated with such remediation. These sites are associated primarily with divested businesses.

Research and technical service spending was \$59.2 million, \$48.7 million, and \$45.7 million in 1995, 1994 and 1993, respectively. The Company has been increasing the amount of spending to develop new, differentiated products for its specialty chemicals businesses. The Company anticipates research and technical service spending to increase to approximately \$80 million in 1996 for these and other initiatives.

Research and Technical Service

Specialty Chemicals and Materials Group (\$ millions)

[BAR GRAPH]	91	92	93	94	95
Dollars	\$37.7	\$37.5	\$45.7	\$48.7	\$59.2
Spending as a percent of sales	3.3%	3.2%	3.8%	3.9%	4.0%

Cabot decreased its borrowings by \$114 million and increased cash by \$10 million in 1995. Early in the fiscal year, the Company replaced \$115 million of 9.875% coupon debt with short-term floating rate debt at lower interest rates. A portion of this debt has been repaid with proceeds from the Cabot Safety transaction.

During 1995, \$76 million of common stock was purchased and is held as treasury stock. The program to repurchase common stock is described below under "Common Stock," and is expected to continue in 1996.

Primarily due to the Cabot Safety transaction and the Company's strong operating performance in 1995, the ratio of total debt (including short-term debt net of cash) to capital decreased to 29% at the end of 1995 from 42% at the end of 1994. The Company anticipates an increase in the ratio of total debt to capital in 1996 due to planned capital investments and the stock repurchase program.

Total Debt to Capital

(percent)

[BAR GRAPH]	91	92	93	94	95
Total Debt to Capital	55.9%	51.5%	50.4%	42.1%	29.1%

Total debt includes short-term debt net of cash.

Management expects cash from operations, proceeds from the Cabot Safety transaction and the anticipated TUCO sale, and present financing arrangements, including the Company's unused line of credit of \$250 million, to be sufficient to meet the Company's cash requirements for the foreseeable future.

COMMON STOCK

In September 1995, the Company announced that it had begun a new share repurchase program for up to 3,000,000 of its common shares in order to reduce the total number of shares outstanding. As of September 30, 1995, approximately 581,000 shares of common stock had been repurchased through this program. The Company also repurchased approximately 944,000 shares in private and open market transactions during fiscal 1995 for the purpose of replacing shares issued under its employee incentive programs.

During fiscal year 1995, the Company paid cash dividends of \$0.60 per share reflecting a quarterly dividend of \$0.14 per share for the first three quarters of the year and \$0.18 per share in the fourth quarter. The book value per share of Cabot stock increased 24% to \$18.32 at September 30, 1995.

NEW ACCOUNTING STANDARDS

At September 30, 1994, the Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Upon adoption, the Company recorded an unrealized gain on marketable securities available for sale of \$46 million. The gain was recorded as a separate component of stockholders' equity, net of a deferred tax liability of \$17 million.

The Company adopted two new accounting principles during 1993, effective as of the beginning of fiscal 1993: SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and SFAS No. 109, "Accounting for Income Taxes."

SFAS No. 106 mandates the accrual of certain postretirement health care and life insurance benefits obligations on an "as-earned" basis. The Company recognized the entire accumulated benefit obligation in 1993 and, as a result, recorded a \$43.2 million after-tax charge for the cumulative effect of the change in accounting for postretirement health care and life insurance benefits.

SFAS No. 109 requires an asset and liability approach for financial accounting and reporting of income taxes. The Company recognized a \$17.1 million benefit in 1993 as the cumulative effect of adoption of SFAS No. 109.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required by this item are set forth on pages F-1 to F-20 of this Report and are indexed herein under Item 14(a) of this Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required regarding the executive officers of Cabot is included on page 10 of this Report in the unnumbered item captioned "Executive Officers of the Registrant." Certain other information required regarding the directors of Cabot is contained in the Proxy Statement under the heading "Certain Information Regarding Directors." All of such information is incorporated herein by reference.

The information required regarding the filing of reports by directors, executive officers and 10% stockholders with the Securities and Exchange Commission relating to transactions in Cabot stock is contained in the Proxy Statement under the heading "Certain Securities Filings" and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required is contained in the Proxy Statement under the heading "Executive Compensation." All of such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required is contained in the Proxy Statement under the heading "Beneficial Stock Ownership of Directors, Executive Officers and Persons Owning More than Five Percent of Common Stock." All of such information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is contained in the Proxy Statement under the heading "Certain Relationships and Related Transactions." All of such information is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Financial Statements. Set forth below is a listing of the Consolidated Financial Statements of the Company with reference to the page numbers in this Report at which such statements are disclosed.

DESCRIPTION -----	PAGE NUMBER OF THIS REPORT -----
(1) Consolidated Statements of Income for each of the three fiscal years in the period ended September 30, 1995.....	F-1
(2) Consolidated Balance Sheets at September 30, 1995 and 1994.....	F-2
(3) Consolidated Statements of Cash Flows for each of the three fiscal years in the period ended September 30, 1995.....	F-3
(4) Notes to Consolidated Financial Statements.....	F-4 to F-20
(5) Statement of Management Responsibility for Financial Reporting and Report of Independent Accountants relating to the Consolidated Financial Statements listed above.....	F-21 to F-22

(b) Reports on Form 8-K. None, except as previously reported in Cabot's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995, file reference 1-5667, filed with the Commission on August 14, 1995.

(c) Exhibits. (not included in copies of the Form 10-K provided upon request)

The exhibit numbers in the following list correspond to the numbers assigned to such exhibits in the Exhibit Table of Item 601 of Regulation S-K. The Company will furnish to any stockholder, upon written request, any exhibit listed below upon payment by such stockholder to the Company of the Company's reasonable expenses in furnishing such exhibit.

EXHIBIT NUMBER -----	DESCRIPTION -----
3(a)	-- Certificate of Incorporation of Cabot Corporation restated effective October 24, 1983, as amended February 14, 1985, December 3, 1986, February 19, 1987, November 18, 1988, and November 24, 1995, filed herewith.
3(b)	-- The By-laws of Cabot Corporation as of January 11, 1991 (incorporated herein by reference to Exhibit 3(b) of Cabot's Annual Report on Form 10-K for the year ended September 30, 1991, file reference 1-5667, filed with the Commission on December 27, 1991).
4(a)	-- Rights Agreement, dated as of November 10, 1995, between Cabot Corporation and The First National Bank of Boston as Rights Agent (incorporated herein by reference to Exhibit 1 of Cabot's Registration Statement on Form 8-A, file reference 1-5667, filed with the Commission on November 13, 1995).
4(b)(i)	-- Indenture, dated as of December 1, 1987, between Cabot Corporation and The First National Bank of Boston, Trustee (incorporated herein by reference to Exhibit 4 of Amendment No. 1 to Cabot's Registration Statement on Form S-3, Registration No. 33-18883, filed with the Commission).
4(b)(ii)	-- First Supplemental Indenture, dated as of June 17, 1992, to Indenture, dated as of December 1, 1987, between Cabot Corporation and The First National Bank of Boston, Trustee (incorporated by reference to Exhibit 4.3 of Cabot's Registration Statement on Form S-3, Registration No. 33-48686, filed with the Commission).
4(c)(i)+	-- Finance Agreement between P.T. Cabot Chemical and Overseas Private Investment Corporation, dated September 10, 1991.
4(c)(ii)+	-- Facility Agreement and Acknowledgement of Indebtedness (The Hongkong and Shanghai Banking Corporation Limited), dated January 10, 1992.

EXHIBIT NUMBER -----	DESCRIPTION -----
4(c)(iii)+	-- Project Completion Agreement between Cabot Corporation, P.T. Cabot Chemical and The Hongkong and Shanghai Banking Corporation Limited, dated April 28, 1992.
10(a)	-- Form of Distribution Agreement between Cabot Corporation and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Merrill Lynch & Co., Goldman Sachs & Co., and J.P. Morgan Securities Inc. for the issuance and sale of medium-term notes pursuant to a prospectus supplement dated July 17, 1992 (incorporated herein by reference to Exhibit 1 of Cabot's Current Report on Form 8-K, dated July 17, 1992, file reference 1-5667, filed with the Commission).
10(b)(i)	-- Credit Agreement, dated as of January 13, 1994, among Cabot Corporation and 11 banks and Morgan Guaranty Trust Company of New York, as agent for the banks (incorporated by reference to Exhibit 4 of Cabot's Quarterly Report on Form 10-Q for the quarter ended December 31, 1993, file reference 1-5667, filed with the Commission on February 16, 1993).
10(b)(ii)	-- Amendment No. 1, dated January 13, 1995, to Credit Agreement, dated as of January 13, 1994, among Cabot Corporation and 11 banks and Morgan Guaranty Trust Company of New York, as agent for the banks, filed herewith.
10(c)*	-- Equity Incentive Plan, as amended (incorporated herein by reference to Exhibit 99 of Cabot's Registration Statement on Form S-8, Registration No. 33-53659, filed with the Commission).
10(d)	-- Note Purchase Agreement between John Hancock Mutual Life Insurance Company, State Street Bank and Trust Company, as trustee for the Cabot Corporation Employee Stock Ownership Plan, and Cabot Corporation, dated as of November 15, 1988 (incorporated herein by reference to Exhibit 10(c) of Cabot's Annual Report on Form 10-K for the year ended September 30, 1988, file reference 1-5667, filed with the Commission on December 29, 1988).
10(e)(i)*	-- Supplemental Cash Balance Plan (incorporated herein by reference to Exhibit 10(e)(i) of Cabot's Annual Report on Form 10-K for the year ended September 30, 1994, file reference 1-5667, filed with the Commission on December 22, 1994).
10(e)(ii)*	-- Supplemental Employee Stock Ownership Plan (incorporated herein by reference to Exhibit 10(e)(ii) of Cabot's Annual Report on Form 10-K for the year ended September 30, 1994, file reference 1-5667, filed with the Commission on December 22, 1994).
10(e)(iii)*	-- Supplemental Retirement Incentive Savings Plan (incorporated herein by reference to Exhibit 10(e)(iii) of Cabot's Annual Report on Form 10-K for the year ended September 30, 1994, file reference 1-5667, filed with the Commission on December 22, 1994).
10(e)(iv)*	-- Supplemental Employee Benefit Agreement with John G.L. Cabot (incorporated herein by reference to Exhibit 10(f) of Cabot's Annual Report on Form 10-K for the year ended September 30, 1987, file reference 1-5667, filed with the Commission on December 28, 1987).
10(e)(v)*	-- Cabot Corporation Deferred Compensation Plan, dated January 1, 1995, filed herewith.
10(f)*	-- Form of severance agreement entered into between Cabot and various managers (incorporated herein by reference to Exhibit 10(g) of Cabot's Annual Report on Form 10-K in the year ended September 30, 1991, file reference 1-5667, filed with the Commission on December 27, 1991).
10(g)	-- Group Annuity Contract No. GA-6121 between The Prudential Insurance Company of America and State Street Bank and Trust Company, dated June 28, 1991 (incorporated herein by reference to Exhibit 10(h) of Cabot's Annual Report on Form 10-K for the year ended September 30, 1991, file reference 1-5667, filed with the Commission on December 27, 1991).
10(h)*	-- Non-employee Directors' Stock Compensation Plan (incorporated herein by reference to Exhibit A of Cabot's Proxy Statement for its 1992 Annual Meeting of Stockholders, file reference 1-5667, filed with the Commission on December 27, 1991).

EXHIBIT NUMBER -----	DESCRIPTION -----
10(i)(i)	-- Amended and Restated Omnibus Acquisition Agreement among American Oil and Gas Corporation, Cabot Corporation and Cabot Transmission Corporation, dated as of November 13, 1989 (incorporated herein by reference to Exhibit (2) of Cabot's Current Report on Form 8-K, dated November 16, 1989, file reference 1-5667, filed with the Commission).
10(i)(ii)	-- Amended and Restated Basket Agreement among American Oil and Gas Corporation, American Pipeline Company, Cabot Corporation and Cabot Transmission Corporation, dated as of June 30, 1990 (incorporated herein by reference to Exhibit 10(n) of Cabot's Annual Report on Form 10-K for the year ended September 30, 1990, file reference 1-5667, filed with the Commission on December 24, 1990).
10(i)(iii)	-- First Amendment, dated March 31, 1992, to Amended and Restated Omnibus Acquisition Agreement among American Oil and Gas Corporation, Cabot Corporation and Cabot Transmission Corporation, dated as of November 13, 1989, and to Amended and Restated Basket Agreement among American Oil and Gas Corporation, American Pipeline Company, Cabot Corporation and Cabot Transmission Corporation, dated as of June 30, 1990 (incorporated herein by reference to Exhibit 10(i)(ii) of Cabot's Annual Report on Form 10-K for the year ended September 30, 1992, file reference 1-5667, filed with the Commission on December 24, 1992).
10(j)	-- Agreement for the Sale and Purchase of Liquefied Natural Gas and Transportation Agreement, dated April 13, 1976, between Sonatrach and Distrigas Corporation, and Amendment No. 3 to said Agreement, dated February 21, 1988 (incorporated herein by reference to Exhibit 10(j) of Cabot's Annual Report on Form 10-K for the year ended September 30, 1994, file reference 1-5667, filed with the Commission on December 22, 1994).
10(k)	-- Agreement for the Sale and Purchase of Liquefied Natural Gas and Transportation Agreement, dated December 11, 1988, between Sonatrading and Distrigas Corporation (incorporated herein by reference to Exhibit 10(p) of Cabot's Annual Report on Form 10-K for the year ended September 30, 1989, file reference 1-5667, filed with the Commission on December 28, 1989).
10(l)	-- Contract for sale of vessel GAMMA between Cabot LNG Shipping Corporation and the United States of America, dated September 18, 1990 (incorporated herein by reference to Exhibit 10(q) of Cabot's Annual Report on Form 10-K for the year ended September 30, 1990, file reference 1-5667, filed with the Commission on December 24, 1990).
10(m)	-- Mutual Assurances Agreements among Cabot Corporation, L'Entreprise Nationale pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures ("Sonatrach"), Distrigas Corporation and Sonatrading Amsterdam B.V., dated February 21, 1988 and December 11, 1988, respectively (incorporated herein by reference to Exhibit 10.1 of Cabot's Current Report on Form 8-K, dated July 17, 1992, file reference 1-5667, filed with the Commission).
10(n)(i)	-- Agreement between K N Energy, Inc. ("KNE"), American Oil and Gas Corporation ("AOG") and Cabot Corporation, dated June 27, 1994 (incorporated herein by reference to Exhibit 1 of Cabot's Schedule 13D relating to KNE, file reference 1-5667, filed with the Commission on July 22, 1994 (the "KNE Schedule 13D")).
10(n)(ii)	-- Registration Rights Agreement between KNE and Cabot Corporation, dated July 13, 1994 (incorporated herein by reference to Exhibit 2 of the KNE Schedule 13D).
10(n)(iii)	-- Share Transfer and Registration Agreement between KNE and Cabot Corporation, dated July 13, 1994 (incorporated herein by reference to Exhibit 3 of the KNE Schedule 13D).
10(n)(iv)	-- KNE By-law provision (incorporated herein by reference to Exhibit 10(o)(iv) of Cabot's Annual Report on Form 10-K for the year ended September 30, 1994, file reference 1-5667, filed with the Commission on December 22, 1994).

EXHIBIT NUMBER	DESCRIPTION
10(n)(v)	-- Request of Cabot for No Action Letter from staff of Securities and Exchange Commission dated June 28, 1994, and reply dated July 6, 1994 (incorporated herein by reference to Exhibit 10(o)(v) of Cabot's Annual Report on Form 10-K for the year ended September 30, 1994, file reference 1-5667, filed with the Commission on December 22, 1994).
10(n)(vi)	-- Application of Cabot for Declaration of Non-holding Company Status Pursuant to Section 2(a)(7) of the Public Utility Holding Company Act of 1935, dated July 11, 1994 (incorporated herein by reference to Exhibit 10(o)(vi) of Cabot's Annual Report on Form 10-K for the year ended September 30, 1994, file reference 1-5667, filed with the Commission on December 22, 1994).
10(o)(i)	-- Asset Transfer Agreement, dated as of June 13, 1995, among Cabot Safety Corporation, Cabot Canada Ltd., Cabot Safety Limited, Cabot Corporation, Cabot Safety Holdings Corporation and Cabot Safety Acquisition Corporation (incorporated herein by reference to Exhibit 2(a) of Cabot Corporation's Current Report on Form 8-K, dated July 11, 1995, file reference 1-5667, filed with the Commission).
10(o)(ii)	-- Stockholders' Agreement, dated as of July 11, 1995, among Vestar Equity Partners, L.P., Cabot CSC Corporation, Cabot Safety Holdings Corporation, Cabot Corporation and various other parties thereto (incorporated herein by reference to Exhibit 2(b) of Cabot Corporation's Current Report on Form 8-K, dated July 11, 1995, file reference 1-5667, filed with the Commission).
11	-- Statement Re: Computation of Per Share Earnings, filed herewith.
12	-- Statement Re: Computation of Ratio of Earnings to Fixed Charges, filed herewith.
21	-- List of Significant Subsidiaries, filed herewith.
24	-- Power of attorney for signing of this Annual Report on Form 10-K, filed herewith.
27	-- Financial Data Schedule, filed herewith.

+ The Registrant agrees to furnish to the Commission upon request a copy of these instruments with respect to long-term debt (not filed as an exhibit), none of which relates to securities exceeding 10% of the total assets of the Registrant and its consolidated subsidiaries.

* Management contract or compensatory plan or arrangement.

(d) Schedules. The Schedules have been omitted for the reason that they are not required, not applicable, or the required information is included in the financial statements or notes thereto.

For the purposes of complying with the amendments to the rules governing Form S-8 (effective July 13, 1990) under the Securities Act of 1933, the undersigned Registrant undertakes as follows, which undertaking shall be incorporated by reference into Registrant's Registration Statement on Form S-8, Registration No. 33-28699 (filed May 12, 1989), the Registrant's Registration Statement on Form S-8, Registration No. 33-52940 (filed October 5, 1992) and the Registrant's Registration Statement on Form S-8, Registration No. 33-53659 (filed May 16, 1994):

Insofar as indemnification for liabilities arising under the Securities Act of 1933 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 Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 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 Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CABOT CORPORATION (Registrant)

By /s/ SAMUEL W. BODMAN

Samuel W. Bodman, Chairman of the
Board and Chief Executive Officer

Date: December 21, 1995

Pursuant to the requirement of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURES -----	TITLE -----	DATE ----
/s/ SAMUEL W. BODMAN ----- Samuel W. Bodman	Chairman of the Board and Director (Principal Executive Officer)	December 21, 1995
/s/ KENYON C. GILSON ----- Kenyon C. Gilson	Vice President and Chief Financial Officer (Principal Financial Officer)	December 21, 1995
/s/ PAUL J. GORMISKY ----- Paul J. Gormisky	Vice President and Controller (Principal Accounting Officer)	December 21, 1995
* ----- Jane C. Bradley	Director	December 21, 1995
* ----- Kennett F. Burnes	Director	December 21, 1995
* ----- John G.L. Cabot	Director	December 21, 1995
* ----- Robert A. Charpie	Director	December 21, 1995
* ----- Arthur L. Goldstein	Director	December 21, 1995

SIGNATURES

TITLE

DATE

*

Robert P. Henderson

Director

December 21, 1995

*

Arnold S. Hiatt

Director

December 21, 1995

*

Gerrit Jeelof

Director

December 21, 1995

*

John H. McArthur

Director

December 21, 1995

*

John F. O'Brien

Director

December 21, 1995

*

David V. Ragone

Director

December 21, 1995

*

Charles P. Siess, Jr.

Director

December 21, 1995

*

Morris Tanenbaum

Director

December 21, 1995

*

Lydia W. Thomas

Director

December 21, 1995

*By /s/ CHARLES D. GERLINGER

Charles D. Gerlinger
as Attorney-in-Fact

[COOPERS & LYBRAND LETTERHEAD]

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Cabot Corporation on Form S-3 (File No. 33-48686) and on Forms S-8 (File Nos. 33-28699, 33-52940 and 33-53659) of our report dated October 30, 1995, on our audit of the consolidated financial statements of Cabot Corporation as of September 30, 1995 and 1994, and for each of the three years in the period ended September 30, 1995, which report is included in this Annual Report on Form 10-K.

Coopers & Lybrand L.L.P.

Boston, Massachusetts
December 20, 1995

CABOT CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED SEPTEMBER 30		
	1995	1994	1993
	----	----	----
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
Revenues:			
Net sales and other operating revenues.....	\$1,830,393	\$1,679,819	\$1,614,315
Interest and dividend income.....	10,492	6,742	4,225
	-----	-----	-----
Total revenues.....	1,840,885	1,686,561	1,618,540
	=====	=====	=====
Costs and expenses:			
Cost of sales.....	1,258,964	1,234,272	1,211,655
Selling and administrative expenses.....	234,693	222,069	204,804
Research and technical service.....	59,184	48,701	45,651
Interest expense (Note G).....	35,639	41,668	44,043
Specialty Chemicals and Materials Group restructuring (Note B).....	--	(4,000)	47,400
Gain on resolution of matters from divested energy businesses (Note B).....	--	(10,210)	(14,177)
Gain on sale of safety business (Note B).....	(32,625)	--	--
Other charges, net.....	28,688	35,736	11,264
	-----	-----	-----
Total costs and expenses.....	1,584,543	1,568,236	1,550,640
	=====	=====	=====
Income before income taxes.....	256,342	118,325	67,900
Provision for income taxes (Note K).....	(101,080)	(44,963)	(30,699)
Equity in net income of affiliated companies (Note D).....	16,670	5,329	209
	-----	-----	-----
Income before cumulative effect of accounting changes.....	171,932	78,691	37,410
	-----	-----	-----
Cumulative effect of accounting changes (Notes H and K).....	--	--	(26,109)
	-----	-----	-----
Net income.....	171,932	78,691	11,301
	=====	=====	=====
Dividends on preferred stock, net of tax benefit of \$1,911, \$1,929 and \$1,934.....	(3,551)	(3,583)	(3,632)
	-----	-----	-----
Income applicable to common shares.....	\$ 168,381	\$ 75,108	\$ 7,669
	=====	=====	=====
Income per common share (Notes A and I):			
Primary			
Continuing operations.....	\$ 4.35	\$ 1.96	\$ 0.90
Cumulative effect of accounting changes.....	--	--	(0.70)
	-----	-----	-----
Income per share.....	\$ 4.35	\$ 1.96	\$ 0.20
Fully diluted			
Continuing operations.....	\$ 4.04	\$ 1.84	\$ 0.90
Cumulative effect of accounting changes.....	--	--	(0.70)
	-----	-----	-----
Income per share.....	\$ 4.04	\$ 1.84	\$ 0.20
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

CABOT CORPORATION
CONSOLIDATED BALANCE SHEETS

	SEPTEMBER 30	
	1995	1994
	(DOLLARS IN THOUSANDS)	
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 90,792	\$ 80,917
Accounts and notes receivable (net of reserve for doubtful accounts of \$5,207 and \$7,697).....	292,777	272,787
Inventories (Note C).....	253,110	216,882
Prepaid expenses.....	13,499	13,293
Deferred income taxes (Note K).....	27,681	22,509
Total current assets.....	677,859	606,388
Investments:		
Equity (Notes B and D).....	98,866	86,164
Other (Notes D and I).....	119,866	115,768
Total investments.....	218,732	201,932
Property, plant and equipment (Note E).....	1,447,653	1,381,576
Accumulated depreciation and amortization.....	(741,132)	(687,068)
Net property, plant and equipment.....	706,521	694,508
Other assets:		
Intangible assets (net of accumulated amortization of \$3,396 and \$34,534).....	13,922	74,089
Deferred income taxes (Note K).....	6,949	6,722
Other assets.....	30,350	33,117
Total other assets.....	51,221	113,928
Total assets.....	\$1,654,333	\$1,616,756
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable to banks.....	\$ 52,437	\$ 26,480
Current portion of long-term debt (Note G).....	15,709	159,724
Accounts payable and accrued liabilities (Note F).....	260,879	281,342
U.S. and foreign income taxes.....	69,286	3,626
Deferred income taxes (Note K).....	4,068	3,943
Total current liabilities.....	402,379	475,115
Long-term debt (Note G).....	306,443	307,828
Deferred income taxes (Note K).....	100,353	124,286
Other liabilities (Notes H and L).....	160,158	147,038
Commitments and contingencies (Note L)		
Stockholders' equity (Notes D, G, H, I and J):		
Preferred stock:		
Authorized: 2,000,000 shares of \$1 par value		
Series A Junior Participating Preferred Stock		
Issued and outstanding: none		
Series B ESOP Convertible Preferred Stock 7.75% Cumulative		
Issued: 75,336 shares (aggregate redemption value of \$72,479 and \$73,577).....	75,336	75,336
Less cost of shares of preferred treasury stock.....	(4,836)	(4,003)
Common stock:		
Authorized: 80,000,000 shares of \$1 par value		
Issued: 67,774,968 shares.....	67,775	67,775
Additional paid-in capital.....	17,799	3,783
Retained earnings.....	1,062,482	916,942
Less cost of shares of common treasury stock (including unearned amounts of \$10,834 and \$7,884).....	(539,585)	(475,055)
Deferred employee benefits.....	(65,907)	(67,403)
Unrealized gain on marketable securities.....	32,023	28,787
Foreign currency translation adjustments.....	39,913	16,327
Total stockholders' equity.....	685,000	562,489
Total liabilities and stockholders' equity.....	\$1,654,333	\$1,616,756

The accompanying notes are an integral part of these financial statements.

CABOT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED SEPTEMBER 30		
	1995	1994	1993
	(DOLLARS IN THOUSANDS)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income.....	\$ 171,932	\$ 78,691	\$ 11,301
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization.....	94,184	87,357	85,155
Deferred tax (benefit) provision.....	(24,163)	27,084	(12,176)
Gain on sale of safety business.....	(32,625)	--	--
Gain on sales of investments.....	--	--	(2,841)
Effects of accounting changes.....	--	--	26,109
Equity in income of affiliated companies, net of dividends received.....	(6,292)	309	5,779
Other, net.....	6,694	5,750	3,391
Changes in assets and liabilities, excluding safety business assets and liabilities sold:			
Increase in accounts receivable.....	(37,354)	(3,042)	(17,332)
(Increase) decrease in inventories.....	(57,987)	(13,688)	17,412
(Decrease) increase in accounts payable and accruals.....	(6,905)	(27,862)	38,555
Other, net.....	74,477	(10,832)	33,790
Cash provided by operating activities.....	181,961	143,767	189,143
	=====	=====	=====
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment.....	(131,214)	(73,555)	(65,009)
Proceeds on sale of safety business.....	169,178	--	--
Investments and acquisitions (excluding cash acquired)...	(13,874)	(371)	(40,905)
Sales of property, plant and equipment, and investments.....	373	545	3,506
Cash provided (used) by investing activities.....	24,463	(73,381)	(102,408)
	=====	=====	=====
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt.....	17,385	1,189	9,259
Repayments of long-term debt.....	(157,609)	(41,584)	(7,076)
Net increase (decrease) in short-term debt.....	25,980	24,979	(66,700)
Purchases of treasury stock.....	(76,251)	(1,000)	(367)
Sales and issuances of treasury stock.....	19,658	8,703	13,014
Cash dividends paid to stockholders.....	(26,392)	(23,552)	(22,920)
Cash used by financing activities.....	(197,229)	(31,265)	(74,790)
	=====	=====	=====
Effect of exchange rate changes on cash.....	680	1,529	(2,334)
Increase in cash and cash equivalents.....	9,875	40,650	9,611
Cash and cash equivalents at beginning of year.....	80,917	40,267	30,656
Cash and cash equivalents at end of year.....	\$ 90,792	\$ 80,917	\$ 40,267
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

CABOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in conformity with generally accepted accounting principles. The significant accounting policies of the Company are described below.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Cabot Corporation and majority-owned and controlled domestic and foreign subsidiaries. Investments in majority-owned affiliates where control does not exist and investments in 20 percent to 50 percent-owned affiliates are accounted for on the equity method. Intercompany transactions have been eliminated.

CASH EQUIVALENTS

For purposes of the statements of cash flows, the Company considers all time deposits and short-term investments with a maturity of three months or less at time of purchase to be cash equivalents.

FOREIGN CURRENCY TRANSLATION

Substantially all assets and liabilities of the Company's foreign operations are translated at year-end exchange rates. Revenues and expenses are translated at the weighted average rates during the year. Foreign currency gains and losses arising from transactions are reflected in net income. Balance sheet translation gains and losses are reflected as a separate component of stockholders' equity.

INVENTORIES

Inventories are stated at the lower of cost or market. The cost of most domestic inventories is determined using the last-in, first-out (LIFO) method. The cost of other domestic and all foreign inventories is determined using the average cost method or the first-in, first-out (FIFO) method.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. For financial reporting purposes, depreciation of property, plant and equipment is calculated using primarily the straight-line method based on estimated economic lives of 3 to 25 years.

EARNINGS PER SHARE

Earnings per share is computed on the basis of weighted average shares outstanding during each year. Fully diluted earnings per share considers conversion of the Company's Series B ESOP Convertible Preferred Stock held by the Company's Employee Stock Ownership Plan (Note I) and shares issuable under the Company's incentive compensation plans (Note J).

INCOME TAXES

In the fourth quarter of 1993, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes," retroactive to October 1, 1992. Under SFAS No. 109, deferred income taxes are provided based on the estimated future tax effects of differences between financial statement carrying amounts and the tax bases of existing assets and liabilities. Provisions are made for the U.S. income tax liability and additional foreign taxes on the undistributed earnings of foreign subsidiaries, except for amounts the Company has designated to be permanently reinvested (Note K).

CABOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

INTANGIBLE ASSETS

Intangible assets are comprised of the cost of business acquisitions in excess of the fair value assigned to the net tangible assets acquired and the costs of technology, licenses and patents purchased in business acquisitions. The excess of cost over the fair value of net assets acquired is amortized on the straight-line basis over either 40 years or an estimated useful life, whichever is shorter. Other intangibles are amortized over their estimated useful lives. The Company considers the impairment of long-lived assets, in accordance with the provisions of SFAS No. 121, "Accounting for the Impairment of Long-lived Assets," based on an assessment of the asset's ability to contribute to the profitability of the Company. Included in other charges is amortization expense of \$6,638,000, \$7,661,000 and \$6,884,000, in 1995, 1994 and 1993, respectively.

FINANCIAL INSTRUMENTS

Forward foreign currency exchange contracts and currency options are used to manage foreign currency exposures. Realized and unrealized gains and losses on these contracts are recorded in net income currently, with the exception of gains or losses on contracts designated to hedge a net investment, which are recorded as translation adjustments, and currency options, which are designated to hedge future cash flows. Included in other charges are foreign exchange gains (losses) of \$1,354,000, \$(1,713,000) and \$(1,977,000) in 1995, 1994 and 1993, respectively.

Financial instruments, primarily interest rate swaps, are used to manage interest rate risks. The interest differentials from these swaps are recorded as interest expense.

RECLASSIFICATION

Certain amounts in 1994 and 1993 have been reclassified to conform to the 1995 presentation.

B. DIVESTITURES & RESTRUCTURING

SPECIALTY CHEMICALS AND MATERIALS

On July 11, 1995, the Company sold substantially all of the assets of its safety products and specialty composites business to Cabot Safety Acquisition Corporation and its subsidiaries (New Safety). The transaction was accounted for as a sale, with the Company receiving consideration consisting of approximately \$169,178,000 in cash, 42,500 common shares of Cabot Safety Holdings Corporation (Holdings), a subsidiary of Cabot Safety Acquisition Corporation, representing approximately 42.5% of Holdings' outstanding common stock, and \$22,500,000 of Holdings' non-voting 12.5% preferred stock. In addition, New Safety assumed approximately \$22,176,000 of the third party current liabilities relating to the safety business and approximately \$4,822,000 in debt. The Company recorded an after-tax gain on the sale of approximately \$14,500,000. The Company's book value in Holdings' common and preferred stock after the transaction was zero dollars. The Company accounts for its investment in New Safety using the equity method.

During 1993, the Company recognized a \$47,400,000 charge for the restructuring of certain Specialty Chemicals and Materials businesses including a carbon black plant closing in Europe, the scaling back of the Company's plastics recycling business and the closing of certain Specialty Chemicals production lines.

During 1995 and 1994, the Company incurred \$6,079,000 and \$17,890,000, respectively, of costs accrued for in 1993 for employee separation and facility closings. During 1994, the Company revised its restructuring reserve based on the actual costs incurred during the closing of a carbon black plant in Europe. A \$4,000,000 benefit from the revision of the reserve was recorded in other charges in 1994. The Company will continue to evaluate its remaining reserve of \$13,395,000 as new data become available, primarily relating to the final disposition of the closed plant's assets and cleanup costs.

CABOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Also during 1994, the Company recorded a \$6,150,000 charge to write off its investment in its Japanese carbon black equity affiliate due to significant ongoing losses.

ENERGY

During 1994 and 1993, the Company recognized gains of \$10,210,000 and \$14,177,000, respectively, on the favorable resolution of certain matters related to divested energy businesses, which included settlement of the Company's last significant take-or-pay case in 1994.

C. INVENTORIES

Inventories were as follows:

	SEPTEMBER 30,	
	1995	1994
	----	----
	(DOLLARS IN THOUSANDS)	
Raw materials.....	\$ 64,830	\$ 52,564
Work in process.....	47,058	33,139
Finished goods.....	97,597	94,363
Other.....	43,625	36,816
	-----	-----
Total.....	\$ 253,110	\$ 216,882
	=====	=====

Inventories valued under the LIFO method comprised approximately 37 percent and 26 percent of 1995 and 1994 total inventory, respectively. The estimated current cost of these inventories exceeded their stated valuation determined on the LIFO basis by \$27,393,000 and \$25,149,000 at September 30, 1995 and 1994, respectively.

D. INVESTMENTS

Investments in net assets of affiliated companies accounted for under the equity method amounted to \$98,866,000 and \$86,164,000 at September 30, 1995 and 1994, respectively. The combined results of operations and financial position of the Company's equity-basis affiliates are summarized below:

	YEARS ENDED SEPTEMBER 30,	
	1995	1994
	----	----
	(DOLLARS IN THOUSANDS)	
CONDENSED INCOME STATEMENT INFORMATION		
Net sales.....	\$ 435,806	\$ 335,346
Gross margin.....	120,130	84,281
Net income.....	32,462	5,064
CONDENSED BALANCE SHEET INFORMATION		
Current assets.....	\$ 257,941	\$ 199,920
Non-current assets.....	454,877	317,666
Current liabilities.....	269,852	242,452
Non-current liabilities.....	247,150	105,599
Net worth.....	195,816	169,535
	-----	-----

Condensed income statement (after July 11, 1995) and balance sheet information of New Safety (Note B) have been included in the 1995 amounts above.

CABOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

On July 13, 1994, American Oil and Gas Corporation (AOG) was merged into a subsidiary of KN Energy, Inc. (KNE). As a result of the merger, each outstanding share of AOG held by the Company was converted into 0.47 of a share of KNE common stock. On the completion of the merger, the Company owned approximately 15% of the outstanding KNE common stock (17% including warrants) and has accounted for its investment in accordance with the provisions of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," which the Company adopted effective September 30, 1994. The Company's investment in KNE common stock is \$114,394,000 and \$109,693,000 at September 30, 1995 and 1994, respectively. Prior to the merger, the Company owned a 34% interest in AOG and accounted for its investment using the equity method.

During 1994, the Company's investment in its Indonesian affiliate was accounted for on an equity basis. Effective September 30, 1994, the balance sheet of the Indonesian affiliate was fully consolidated, reflecting the Company's controlling interest.

In accordance with SFAS No. 115, equity securities with readily determinable fair values have been reflected on the balance sheet at their fair values. Unrealized gains of \$32,023,000 and \$28,787,000, which are net of deferred tax liabilities of \$18,807,000 and \$17,644,000, have been reflected as a separate component of stockholders' equity (Note I) at September 30, 1995 and 1994, respectively.

E. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment is summarized as follows:

	SEPTEMBER 30,	
	1995	1994
	----	----
	(DOLLARS IN THOUSANDS)	
Land and improvements.....	\$ 49,435	\$ 46,778
Buildings.....	242,374	245,319
Machinery and equipment.....	990,521	965,665
Other.....	70,019	72,467
Construction in progress.....	95,304	51,347
	-----	-----
Total property, plant and equipment.....	\$1,447,653	\$1,381,576
Less: accumulated depreciation.....	741,132	687,068
	-----	-----
Net property, plant and equipment.....	\$ 706,521	\$ 694,508
	=====	=====

F. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following:

	SEPTEMBER 30,	
	1995	1994
	----	----
	(DOLLARS IN THOUSANDS)	
Accounts payable.....	\$ 107,003	\$ 101,934
Accrued employee compensation.....	25,984	25,024
Restructuring liabilities.....	13,395	19,474
Other accrued liabilities.....	114,497	134,910
	-----	-----
Total.....	\$ 260,879	\$ 281,342
	=====	=====

CABOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

G. DEBT

Long-term debt consisted of the following:

	SEPTEMBER 30,	
	1995	1994
	-----	-----
	(DOLLARS IN THOUSANDS)	
Notes due 1994, 9.875%.....	\$ --	\$150,000
Notes due 2002-2022, 8.07%.....	105,000	105,000
Notes due 1997, 10.25%.....	100,000	100,000
Guarantee of ESOP notes due 2013, 8.29%.....	65,907	67,403
Term loan due 2000, 8.7%.....	16,385	--
Overseas Private Investment Corporation term loan due 2002, floating rate, 8.0% and 6.5%.....	13,100	15,000
Industrial Revenue Bonds due 1997-2014, 9.35%-14.00%.....	4,000	5,000
Other, including foreign term loans.....	17,760	25,149
	-----	-----
	322,152	467,552
Less: current portion of long-term debt.....	(15,709)	(159,724)
	-----	-----
Total.....	\$306,443	\$307,828
	=====	=====

In June 1992, the Company filed a \$300,000,000 debt shelf registration statement with the Securities and Exchange Commission. Subsequently, \$105,000,000 of notes payable were refinanced with notes of a weighted average maturity of 19 years and a weighted average interest rate of 8.07%. The notes were issued at par and provide for principal to be repaid at maturity.

During fiscal 1989, the Company's Employee Stock Ownership Plan (ESOP) borrowed \$75,000,000 from an institutional lender in order to finance its purchase of 75,000 shares of the Company's Series B ESOP Convertible Preferred Stock. This debt bears interest at 8.29% per annum, and is to be repaid in equal quarterly installments through December 31, 2013. The Company, as guarantor, has reflected the outstanding balance of \$65,907,000 as a liability on the Company's consolidated balance sheet at September 30, 1995. An equal amount, representing deferred employee benefits, has been recorded as a reduction of stockholders' equity (Note I).

The Company may borrow up to \$250,000,000 at floating rates under the terms of a revolving credit and term loan facility. The agreement contains provisions regarding minimum net worth requirements and certain indebtedness limitations which would limit the amount available for future borrowings. Commitment fees are paid based on the used and unused portions of the facility. The facility is available through January 13, 2000. No amounts were outstanding under this credit agreement at September 30, 1995 or 1994.

The aggregate principal amounts of long-term debt due in each of the five fiscal years 1996 through 2000 are \$15,709,000, \$10,138,000, \$109,528,000, \$10,106,000 and \$7,080,000, respectively.

Based primarily on dealer quotes, the fair value of long-term borrowings was approximately \$353,000,000 and \$478,000,000 at September 30, 1995 and 1994, respectively.

The weighted average interest rate on short-term borrowings was approximately 7% and 8% at September 30, 1995 and 1994, respectively.

Cash paid for interest during 1995, 1994 and 1993 totalled \$37,912,000, \$41,663,000 and \$41,970,000, respectively. The Company capitalized no interest in 1995, 1994 or 1993.

CABOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

H. PENSION PLANS & POSTRETIREMENT BENEFITS

PENSION PLANS

Net periodic pension cost was comprised of the following elements:

	YEARS ENDED SEPTEMBER 30,		
	1995	1994	1993
	(DOLLARS IN THOUSANDS)		
Current year service cost.....	\$ 7,629	\$ 8,090	\$ 9,254
Interest accrued on pension obligations.....	12,493	11,675	9,964
Actual return on plan assets.....	(25,320)	(11,431)	(12,357)
Net amortization and deferral.....	10,606	(2,062)	(1,580)
Net periodic pension cost.....	\$ 5,408	\$ 6,272	\$ 5,281
	=====	=====	=====

The following table sets forth the funded status of pension plans:

	SEPTEMBER 30,	
	1995	1994
	(DOLLARS IN THOUSANDS)	
Actuarial present value of projected benefit obligations.....	\$182,771	\$155,253
Plan assets at fair value (primarily fixed-income and equity securities).....	187,339	163,651
Excess of plan assets over projected benefit obligations.....	4,568	8,398
Unrecognized net gain.....	(19,012)	(24,084)
Unrecognized prior service cost.....	3,512	3,066
Unrecognized net asset being amortized over 16 years.....	(6,013)	(6,906)
Net deferred pension credit (included in other liabilities).....	\$(16,945)	\$(19,526)
	=====	=====

The Company has trustee, non-contributory pension plans covering most employees in the United States and certain foreign subsidiaries. Benefits provided under the Company's defined benefit pension plans are primarily based on the employee's years of service and compensation. The Company's funding policy is to contribute annually amounts based upon actuarial and economic assumptions designed to achieve adequate funding of projected benefit obligations.

Pension benefits accrue under several benefit plans, including the following two plans: the Cash Balance Plan (CBP), a defined benefit pension plan, and the Employee Stock Ownership Plan (ESOP). In November 1988, the ESOP was funded with the Company's newly issued Series B ESOP Convertible Preferred Stock, which was acquired with \$75,000,000 borrowed by the ESOP (Notes G and I).

At September 30, 1995 and 1994, the projected benefit obligations included accumulated benefit obligations of \$152,422,000 and \$132,823,000, respectively, of which \$142,296,000 and \$123,694,000 were vested, respectively.

The following weighted average rates were used in the calculations:

	YEARS ENDED	
	SEPTEMBER 30,	
	1995	1994
Discount rate.....	7.3 %	8.0 %
Expected rate of return on plan assets.....	8.9 %	9.0 %
Assumed rate of increase in compensation.....	5.1 %	5.5 %

CABOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Company has defined benefit postretirement plans that provide certain health care and life insurance benefits for retired employees. Substantially all U.S. employees become eligible for these benefits if they have met certain age and service requirements at retirement. The Company funds the plans as claims or insurance premiums are incurred.

Effective October 1, 1992, the Company adopted the provisions of SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," which requires accrual of these benefits during the years an employee provides service. Prior to October 1, 1992, the expense for these benefits was recognized as actual claims or insurance premiums were incurred. As of October 1, 1992, the cumulative effect of adopting this change was a \$43,200,000 after-tax charge. In addition to the one-time charge upon adoption, the effect of the change in accounting increased 1993 pre-tax expense by \$800,000, resulting in a pre-tax net periodic postretirement benefit cost of \$5,500,000.

Net periodic postretirement benefit cost was comprised of the following elements:

	YEARS ENDED SEPTEMBER 30,		
	1995	1994	1993
	----- (DOLLARS IN THOUSANDS)		
Current year service cost.....	\$ 672	\$ 709	\$ 580
Interest accrued on postretirement benefit obligations.....	5,301	4,776	4,920
Net amortization.....	--	221	--

Net periodic postretirement benefit cost.....	<u>\$5,973</u>	<u>\$5,706</u>	<u>\$5,500</u>
	=====		

The following table sets forth the funded status of the postretirement benefit plans:

	SEPTEMBER 30,	
	1995	1994
	----- (DOLLARS IN THOUSANDS)	
Accumulated postretirement benefit obligations:		
Retirees.....	\$ 58,526	\$ 51,489
Fully eligible active plan participants.....	6,262	4,716
Other active plan participants.....	13,221	10,712

Plan assets at fair value.....	78,009	66,917

Excess of accumulated postretirement benefit obligations over plan assets.....	(78,009)	(66,917)
Unrecognized net loss (gain).....	10,749	(81)
Unrecognized prior service cost.....	95	(85)

Accrued postretirement benefit cost (included in other liabilities).....	<u>\$(67,165)</u>	<u>\$(67,083)</u>
	=====	

Health care cost trend rate assumptions have a significant effect on the amounts reported. For example, increasing the assumed health care cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation as of September 30, 1995 and 1994 by approximately \$6,700,000 and \$5,400,000, respectively, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the years then ended by approximately \$600,000 and \$500,000, respectively.

The following rates were used in the calculations:

	YEARS ENDED SEPTEMBER 30,	
	1995	1994

Discount rate.....	7.0%	8.3%
Assumed rate of increase in compensation.....	5.3%	6.0%
Assumed average annual rate of increase in health care benefits.....	10.5%	11.5%
Annual decrease in assumed rate of increase in health care benefits.....	1.0%	1.0%
Assumed ultimate trend rate.....	5.0%	6.3%
Assumed ultimate trend rate to be reached in year.....	2003	2002

CABOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

I. STOCKHOLDERS' EQUITY

The following table summarizes the changes in stockholders' equity for each of the three years in the period ended September 30, 1995:

	YEARS ENDED SEPTEMBER 30,		
	1995	1994	1993
	(DOLLARS IN THOUSANDS)		
PREFERRED STOCK			
Beginning of year.....	\$ 75,336	\$ 75,336	\$ 75,336
End of year.....	\$ 75,336	\$ 75,336	\$ 75,336
PREFERRED TREASURY STOCK			
Beginning of year.....	\$ (4,003)	\$ (3,003)	\$ (2,693)
Purchase of treasury stock.....	(833)	(1,000)	(310)
End of year.....	\$ (4,836)	\$ (4,003)	\$ (3,003)
COMMON STOCK			
Beginning of year.....	\$ 67,775	\$ 33,887	\$ 33,887
Two-for-one stock split.....	--	33,888	--
End of year.....	\$ 67,775	\$ 67,775	\$ 33,887
ADDITIONAL PAID-IN CAPITAL			
Beginning of year.....	\$ 3,783	\$ 33,621	\$ 30,324
Sale of treasury stock to the Company's savings plans.....	3,576	633	861
Issuance of treasury stock under employee compensation plans.....	10,440	3,417	2,436
Two-for-one stock split.....	--	(33,888)	--
End of year.....	\$ 17,799	\$ 3,783	\$ 33,621
RETAINED EARNINGS			
Beginning of year.....	\$ 916,942	\$ 861,803	\$ 873,422
Net income.....	171,932	78,691	11,301
Common dividends paid (\$0.60, \$0.53, \$0.52 per share).....	(22,841)	(19,969)	(19,288)
Preferred dividends paid to ESOP, net of tax benefit.....	(3,551)	(3,583)	(3,632)
End of year.....	\$1,062,482	\$ 916,942	\$ 861,803
COMMON TREASURY STOCK			
Beginning of year.....	\$ (467,171)	\$(475,863)	\$(490,132)
Purchase of treasury stock.....	(75,418)	--	(57)
Sale of treasury stock to the Company's savings plans.....	4,348	625	1,896
Issuance of treasury stock under employee compensation plans.....	9,490	8,067	12,430
End of year.....	\$ (528,751)	\$(467,171)	\$(475,863)
UNEARNED COMPENSATION			
Beginning of year.....	\$ (7,884)	\$ (7,321)	\$ (4,692)
Issuance of treasury stock under employee compensation plans.....	(8,196)	(4,039)	(4,609)
Amortization.....	5,246	3,476	1,980
End of year.....	\$ (10,834)	\$ (7,884)	\$ (7,321)
DEFERRED EMPLOYEE BENEFITS			
Beginning of year.....	\$ (67,403)	\$ (68,781)	\$ (70,050)
Principal payment by ESOP under guaranteed loan.....	1,496	1,378	1,269
End of year.....	\$ (65,907)	\$ (67,403)	\$ (68,781)
UNREALIZED GAIN ON MARKETABLE SECURITIES (NOTE D)			
Beginning of year.....	\$ 28,787	\$ --	\$ --
Unrealized holding gain.....	3,236	28,787	--
End of year.....	\$ 32,023	\$ 28,787	\$ --
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS			
Beginning of year.....	\$ 16,327	\$ (7,406)	\$ 47,553
Foreign currency translation adjustments.....	23,586	23,733	(54,959)
End of year.....	\$ 39,913	\$ 16,327	\$ (7,406)
TOTAL STOCKHOLDERS' EQUITY, END OF YEAR.....	\$ 685,000	\$ 562,489	\$ 442,273

CABOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

SHARES OF STOCK

	YEARS ENDED SEPTEMBER 30,		
	1995	1994	1993
PREFERRED STOCK			
Beginning of year.....	75,336	75,336	75,336
End of year.....	75,336	75,336	75,336
PREFERRED TREASURY STOCK			
Beginning of year.....	4,504	3,686	3,230
Purchased.....	532	818	456
End of year.....	5,036	4,504	3,686
COMMON STOCK			
Beginning of year.....	67,774,968	33,887,484	33,887,484
Two-for-one stock split.....	--	33,887,484	--
End of year.....	67,774,968	67,774,968	33,887,484
COMMON TREASURY STOCK			
Beginning of year.....	29,783,722	15,161,103	15,560,213
Purchased.....	1,525,036	--	1,300
Issued.....	(915,791)	(278,550)	(400,410)
Two-for-one stock split.....	--	14,901,169	--
End of year.....	30,392,967	29,783,722	15,161,103

In November 1995, the Company declared a dividend of one Preferred Stock Purchase Right (Right) for each outstanding share of Cabot common stock. The Rights are not presently exercisable. Each Right entitles the holder, upon the occurrence of certain specified events, to purchase from Cabot one one-hundredth of a share of Series A Junior Participating Preferred Stock at a purchase price of \$200 per share. The Rights further provide that each Right will entitle the holder, upon the occurrence of certain other specified events, to purchase from Cabot, Cabot common stock having a value of twice the exercise price of the Right and, upon the occurrence of certain other specified events, to purchase from another person into which Cabot was merged or which acquired 50% or more of Cabot's assets or earnings power, common stock of such other person having a value of twice the exercise price of the Right. The Rights may be generally redeemed by Cabot at a price of \$0.01 per Right. The Rights expire on November 10, 2005.

The Company redeemed the rights issued under the 1986 shareholder rights plan from shareholders of record on November 24, 1995, for a redemption payment equal to \$0.05 per share.

During fiscal 1989, the Company placed 75,336 shares of its Series B ESOP Convertible Preferred Stock with the Company's Employee Stock Ownership Plan (ESOP) for cash at a price of \$1,000 per share. Each share of the Series B ESOP Convertible Preferred Stock is convertible into 43.735 shares of the Company's common stock subject to certain events and anti-dilution adjustment provisions, and carries voting rights on an "as converted" basis. The trustee for the ESOP has the right to cause the Company to redeem shares sufficient to provide for periodic distributions to plan participants. Such shares shall be redeemed at their fair market value, and may be redeemed by the Company for cash, shares of the Company's common stock, or a combination thereof at the Company's option. Each share is redeemable at the option of the Company at a price of \$1,031. The redemption price declines annually until it becomes \$1,000 on and after November 19, 1998, plus accrued but unpaid dividends to the redemption date.

CABOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The issued shares of Series B ESOP Convertible Preferred Stock are entitled to receive preferential and cumulative quarterly dividends, and rank as to dividends and liquidation prior to the Company's Series A Junior Participating Preferred Stock and common stock. At September 30, 1995, 3,075,000 shares of the Company's common stock were reserved for conversion of the Series B ESOP Convertible Preferred Stock.

On July 27, 1994, a two-for-one stock split in the form of a stock dividend was authorized, payable to stockholders of record on August 9, 1994. A total of 33,887,484 shares were issued in connection with the split. Also, \$33,887,484 was reclassified from additional paid-in capital to common stock. All common share and per share amounts in these financial statements have been restated to reflect the split where appropriate.

In September 1995, the Company commenced a program to purchase up to 3,000,000 of the Company's common shares. As of September 30, 1995, 581,000 shares had been purchased under that program.

J. SAVINGS & INCENTIVE COMPENSATION PLANS

During 1994, the Company amended its Profit Sharing and Savings Plan (PSSP), which covers salaried employees of most U.S. operations, effective October 1, 1994. Under the amended plan, now called the Cabot Retirement Incentive Savings Plan (CRISP), the Company makes matching contributions of at least 75% of a participant's contribution of up to 7.5% of the participant's eligible compensation, subject to limitations required by governmental laws or regulations. Accrued contributions to the CRISP in 1995 were \$3,886,000.

Accrued contributions of the Company under the PSSP, which were based upon an annual return on stockholders' equity, were \$5,707,000 and \$1,178,000 in 1994 and 1993, respectively.

The Company has an Equity Incentive Plan for key employees. Under this plan, participants may be granted various types of stock and stock-based awards. During 1988 through 1991, the awards granted consisted of stock options, performance appreciation rights (PARs) and tandem units which may be exercised as stock options or PARs. These awards were granted at fair market value of Cabot's stock at date of grant, and vested ratably on each of the next four anniversaries of the award. In 1992 through 1995, awards consisted of common stock of the Company which employees could elect to receive in the form of restricted stock purchased at a price equal to 50% of the fair market value on the date of the award, nonqualified stock options at fair market value of Cabot's stock on the date of the award, or a combination of one-half of each. Variations on these awards were made to international employees in order to try to provide results comparable to U.S. employees. The awards vest on the third anniversary of the award for employees then employed by the Company or a subsidiary.

CABOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The following table summarizes the Equity Incentive Plan's activity from September 30, 1992 through September 30, 1995:

	STOCK OPTIONS AND RESTRICTED STOCK	PARS	PRICE RANGE
September 30, 1992.....	1,971,922	5,274	\$12.63 to \$23.38
Granted.....	431,870	--	\$21.94 to \$22.82
Exercised.....	(100,086)	(1,120)	\$14.63 to \$20.94
Cancelled.....	(75,428)	--	\$14.00 to \$23.38
September 30, 1993.....	2,228,278	4,154	\$12.63 to \$23.38
Granted.....	484,090	--	\$24.56 to \$27.94
Exercised.....	(110,202)	(950)	\$12.63 to \$20.94
Cancelled.....	(139,420)	--	\$15.19 to \$24.56
September 30, 1994.....	2,462,746	3,204	\$12.63 to \$27.94
Granted.....	472,200	--	\$40.00
Exercised.....	(177,574)	--	\$12.63 to \$23.38
Vested.....	(311,606)	--	\$14.00 to \$24.56
Cancelled.....	(284,224)	--	\$15.19 to \$23.38
September 30, 1995.....	2,161,542	3,204	\$14.31 to \$40.00

The options in the table above expire at various dates through September 2002. Options for 1,020,565 shares were exercisable at prices ranging from \$14.31 to \$23.38 at September 30, 1995. During 1995, Cabot purchased approximately 57,000 options, included in the "Exercised" caption, at the then current market value less the exercise price. The Company had reserved 3,635,336 shares of common stock for issuance under the plan at September 30, 1995. There were 456,338 shares available for future grants at September 30, 1995.

The Company has not adopted the recently issued SFAS No. 123, "Accounting for Stock-based Compensation," which is required to be adopted by fiscal 1997. The Company currently intends to continue to record compensation based on the provisions of Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees," as allowed by SFAS No. 123. Although the Company has not determined the ultimate impact of adopting SFAS No. 123 on its present disclosure, it does not believe, based on the number of options previously granted, that the adoption will have a material impact on its current disclosure.

K. INCOME TAXES

In the fourth quarter of 1993, the Company adopted SFAS No. 109, "Accounting for Income Taxes," retroactive to October 1, 1992. The Company recognized the cumulative effect of adoption, which resulted in an increase to net income for the year ended September 30, 1993, of approximately \$17,100,000.

Income before income taxes and the cumulative effect of accounting changes was as follows:

	YEARS ENDED SEPTEMBER 30,		
	1995	1994	1993
	(DOLLARS IN THOUSANDS)		
Domestic.....	\$102,980	\$ 30,388	\$32,780
Foreign.....	153,362	87,937	35,120
Total.....	\$256,342	\$118,325	\$67,900

CABOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

A summary of taxes on income is as follows:

	YEARS ENDED SEPTEMBER 30,		
	1995	1994	1993

	(DOLLARS IN THOUSANDS)		
U.S. federal and state:			
Current.....	\$ 64,204	\$ (3,131)	\$16,798
Deferred.....	(25,794)	15,644	(5,305)
Total.....	\$ 38,410	\$ 12,513	\$11,493
	=====	=====	=====
Foreign:			
Current.....	\$ 61,039	\$ 21,010	\$26,077
Deferred.....	1,631	11,440	(6,871)
Total.....	\$ 62,670	\$ 32,450	\$19,206
	-----	-----	-----
Total U.S. and Foreign.....	\$101,080	\$ 44,963	\$30,699
	=====	=====	=====

The provision for income taxes at the Company's effective tax rate differed from the provision for income taxes at the statutory rate as follows:

	YEARS ENDED SEPTEMBER 30,		
	1995	1994	1993

	(DOLLARS IN THOUSANDS)		
Computed tax expense at the expected statutory rate.....	\$ 89,720	\$41,414	\$23,596
Foreign income:			
Impact of taxation at different rates, repatriation and other.....	5,407	(257)	2,412
Impact of foreign losses for which a current tax benefit is not available.....	529	701	2,158
State taxes, net of federal effect.....	5,560	2,655	407
Foreign sales corporation.....	(1,500)	(1,158)	(1,000)
Increase in U.S. tax rate.....	--	--	(812)
Other, net.....	1,364	1,608	3,938
	-----	-----	-----
Provision for income taxes.....	\$101,080	\$44,963	\$30,699
	=====	=====	=====

CABOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Significant components of deferred income taxes were as follows:

	SEPTEMBER 30,	
	----- 1995	1994 -----
	(DOLLARS IN THOUSANDS)	
Deferred tax assets:		
Property, plant and equipment.....	\$ 28,467	\$ 23,257
Pension and other benefits.....	44,640	43,572
Environmental issues.....	18,008	14,761
Restructuring charges.....	5,633	10,337
Investments.....	10,850	--
State and local taxes.....	5,449	1,804
Net operating loss and other tax carryforwards.....	12,132	14,568
Other.....	33,373	25,338
	-----	-----
Subtotal.....	158,552	133,637
	-----	-----
Valuation allowances.....	(9,318)	(14,915)
	-----	-----
Total deferred tax assets.....	\$149,234	\$118,722
	-----	-----
Deferred tax liabilities:		
Property, plant and equipment.....	\$ 71,629	\$ 72,379
Pension and other benefits.....	10,235	10,967
Investments.....	36,629	34,480
Other.....	100,532	99,894
	-----	-----
Total deferred tax liabilities.....	\$219,025	\$217,720
	=====	=====

The valuation allowance for deferred tax assets decreased \$5,597,000 in 1995 primarily because of improved business results which allowed realization of deferred tax assets for which a valuation allowance had been previously established. The major component of the valuation allowance at September 30, 1995 relates to the uncertainty of realizing certain foreign deferred tax assets.

Approximately \$45,415,000 of net operating losses and other tax carryforwards remain at September 30, 1995, \$24,005,000 of which expire in the years 1996 through 2002, and \$21,410,000 of which can be carried forward indefinitely. The benefits of these carryforwards are dependent on taxable income during the carryforward period in those foreign jurisdictions wherein they arose, and accordingly, a valuation allowance has been provided where the Company has determined that it is more likely than not that the carryforwards will not be utilized.

United States income tax returns for fiscal years 1990 and 1991 are currently under examination by the Internal Revenue Service. Assessments, if any, are not expected to have a material adverse effect on the financial statements.

Provision has not been made for U.S. income taxes or foreign withholding taxes on approximately \$130,000,000 of undistributed earnings of foreign subsidiaries as these earnings are considered indefinitely reinvested. These earnings could become subject to U.S. income taxes and foreign withholding taxes (subject to a reduction for foreign tax credits) if they were remitted as dividends, if foreign earnings were loaned to the Company or a U.S. subsidiary, or if the Company should sell its stock in the subsidiaries. However, the Company believes that U.S. foreign tax credits would largely eliminate any U.S. income tax and offset any foreign withholding tax that might otherwise be due.

CABOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Cash paid for income taxes during 1995, 1994 and 1993 totalled \$60,340,000, \$23,855,000 and \$25,934,000, respectively.

L. COMMITMENTS & CONTINGENCIES

LEASE COMMITMENTS

The Company leases certain transportation vehicles, warehouse facilities, office space, machinery and equipment under cancelable and non-cancelable leases, most of which expire within 10 years and may be renewed by the Company. Rent expense under such arrangements totalled \$16,545,000, \$17,638,000 and \$14,514,000 in 1995, 1994 and 1993, respectively. Future minimum rental commitments under non-cancelable leases are as follows:

(DOLLARS IN THOUSANDS)

1996.....	\$12,108
1997.....	10,499
1998.....	9,503
1999.....	6,918
2000.....	6,548
2001 and thereafter.....	23,635

	\$69,211
	=====

OTHER LONG-TERM COMMITMENTS

During 1995, the Company entered into long-term supply agreements of more than six years with certain North American tire customers. The contracts are designed to provide such customers with agreed upon amounts of carbon black at prices based on agreed upon formulae.

Also during 1995, the Company agreed to participate as a 10 percent owner in a proposed liquefied natural gas plant in Trinidad, and to purchase 60 percent of the LNG produced by the plant. Once the plant is operational, it is estimated that it will produce 3.3 trillion cubic feet of gas over a period of 20 years. All costs related to this project to date have been charged to expense as incurred. LNG from the project is not expected to be available until fiscal year 1999.

CONTINGENCIES

The Company is a defendant or potentially responsible party in various lawsuits and environmental proceedings wherein substantial amounts are claimed or at issue.

Fumed silica supplied by Cabot was used by others in the manufacture of silicone breast implant envelopes. There are currently pending more than 10,000 lawsuits in state and federal courts alleging injuries against various parties arising from the use of silicone breast implants. Cabot had been named as a defendant in fewer than 100 breast implant lawsuits. As a result of voluntary dismissals (some without prejudice to the right of the plaintiff to refile a complaint) and summary judgments granted to Cabot, Cabot is currently a defendant in only one such lawsuit. Cabot has not made any settlement payments in connection with any breast implant suits. Cabot believes that it has adequate defenses in the lawsuit in which it is known to be a defendant. However, the scientific, legal and societal issues raised by these cases are complex and the outcome is uncertain. Cabot, therefore, cannot predict with any assurance the course this lawsuit will take, the number of cases to which Cabot will be added as a defendant, the amount of damages, if any, that may be assessed against Cabot or the defense costs that will be incurred by Cabot.

CABOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

As of September 30, 1995, approximately \$51,580,000 was accrued for environmental matters, primarily related to divested businesses. The amount represents the Company's current best estimate of its share of costs likely to be incurred based on its analysis of the extent of cleanup required, alternative cleanup methods available, abilities of other responsible parties to contribute and its interpretation of applicable laws and regulations at each site. The Company reviews the adequacy of this reserve as circumstances change at individual sites. Included in other charges are environmental expenses of \$17,000,000, \$15,000,000 and \$1,000,000 in 1995, 1994 and 1993, respectively.

In the opinion of the Company, although final settlement of these suits and claims may impact the Company's financial statements in a particular period, they will not, in the aggregate, have a material adverse effect on the Company's financial position.

M. FINANCIAL INSTRUMENTS & CONCENTRATIONS OF CREDIT RISK

The Company uses financial instruments, primarily forward contracts, options and swaps in its management of foreign currency and interest rate exposures. These financial instruments hedge transactions and balances consistent with the Company's currency and interest rate exposures. The Company does not purchase or issue financial instruments for trading purposes. None of the Company's off-balance-sheet financial instruments would result in a significant loss to the Company if the counterparty failed to perform in accordance with the terms of the agreements.

FOREIGN EXCHANGE

The Company's forward foreign exchange contracts and options do not subject the Company to risk due to exchange rate movements because gains and losses on these contracts offset losses and gains on the assets, liabilities, transactions and cash flows being hedged. The Company had \$59,567,000 of foreign exchange contracts outstanding at September 30, 1995. The fair value of such contracts, which was the replacement value, represented a net unrealized gain of approximately \$2,679,000 as of September 30, 1995. The Company purchased foreign currency put options at a cost of \$3,200,000 during 1995. The cost of these options will be recognized as cost of sales, along with any gains, over the option period. Forward exchange and option contracts generally have maturities which do not exceed twelve months. See Note A for information on the Company's policy on forward exchange contract and currency option gains and losses.

INTEREST RATE

During 1995, the Company entered into an interest rate swap agreement to fix the interest rate on certain borrowings expected to be refinanced in 1997. Pursuant to the agreement, beginning on June 17, 1998, the Company will pay an average fixed rate of 7.375% on a notional \$100,000,000 and receive a floating rate based on London Interbank Offered Rates (LIBOR) as determined at six month intervals through December 17, 2007. During 1993, the Company entered into swap agreements to convert a portion of its fixed-rate borrowings to floating-rate borrowings.

CONCENTRATIONS OF CREDIT RISK

Financial instruments which subject the Company to concentrations of credit risk consist principally of trade receivables. International tire manufacturers comprise a significant portion of the Company's carbon black customer base. The Company had trade receivables of approximately \$68,105,000 and \$52,641,000 from international tire manufacturers at September 30, 1995 and 1994, respectively. Although the Company's exposure to credit risk associated with nonpayment by tire manufacturers is affected by conditions or occurrences within the tire industry, trade receivables from the international tire manufacturers were current at September 30, 1995, and no manufacturer exceeded 7.5% of the Company's receivables at that date.

CABOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

N. FINANCIAL INFORMATION BY INDUSTRY SEGMENT & GEOGRAPHIC AREA

Financial information by industry segment for 1991 through 1995, as set forth in Part II, Item 7. of the Company's Form 10-K, and on page 19 of the annual report, is an integral part of these financial statements. Energy segment sales include sales to a major customer in the amount of \$250,439,000, \$272,245,000 and \$265,800,000, in 1995, 1994 and 1993, respectively. Transfers between geographic areas are recorded at cost plus mark-up or at market.

Financial information by geographic area is as follows:

	YEARS ENDED SEPTEMBER 30,		
	1995	1994	1993
	(DOLLARS IN MILLIONS)		
SALES			
United States:			
Sales, excluding export sales			
Specialty Chemicals and Materials.....	\$ 605.7	\$ 563.2	\$ 521.4
Energy.....	342.6	438.7	422.5
Export sales.....	93.7	85.0	73.9
	-----	-----	-----
	1,042.0	1,086.9	1,017.8
Europe.....	642.9	503.8	512.3
Other areas.....	249.5	177.1	156.9
	-----	-----	-----
Total.....	1,934.4	1,767.8	1,687.0
Less: Eliminations.....	104.0	88.0	72.7
	-----	-----	-----
Net sales.....	<u>\$1,830.4</u>	<u>\$1,679.8</u>	<u>\$1,614.3</u>
	=====	=====	=====
OPERATING PROFIT			
United States:			
Specialty Chemicals and Materials(a).....	\$ 155.9	\$ 108.5	\$ 105.8
Energy.....	12.7	18.4	16.7
Europe(a).....	103.0	49.0	(21.4)
Other areas(a).....	27.9	8.4	17.3
	-----	-----	-----
Total operating profit.....	299.5	184.3	118.4
Interest expense.....	35.6	41.7	44.0
Unallocated corporate expenses, net(b).....	27.7	23.4	20.7
Gain on sale of safety business.....	(32.6)	--	--
Adjustment of reserves related to divested businesses.....	12.5	0.8	(14.2)
	-----	-----	-----
Income before income taxes.....	<u>\$ 256.3</u>	<u>\$ 118.4</u>	<u>\$ 67.9</u>
	=====	=====	=====

CABOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

	YEARS ENDED SEPTEMBER 30,		
	1995	1994	1993
	(DOLLARS IN MILLIONS)		
IDENTIFIABLE ASSETS			
United States:			
Specialty Chemicals and Materials.....	\$ 426.9	\$ 482.7	\$ 480.9
Energy.....	133.8	127.4	116.1
Europe.....	465.3	444.3	437.2
Other areas.....	275.7	245.2	199.3
General corporate(c).....	253.7	231.0	89.3
Equity in affiliates -- United States.....	--	--	63.6
Equity in affiliates -- Europe.....	26.9	22.3	21.8
Equity in affiliates -- Other areas.....	72.0	63.9	81.3
Total.....	\$1,654.3	\$1,616.8	\$1,489.5

(a) Operating profit in 1993 included losses from restructuring of the Specialty Chemicals and Materials Group of \$2.9 in the United States, \$43.8 in Europe and \$0.7 in Other areas.

(b) Unallocated corporate expenses, net, include corporate management costs reduced by investment income.

(c) General corporate assets include cash, temporary cash investments, investments other than equity basis, income taxes receivable, deferred taxes and headquarters' assets.

0. UNAUDITED QUARTERLY FINANCIAL INFORMATION

Unaudited financial results by quarter for the fiscal years ended September 30, 1995 and 1994 are summarized below and should be read in conjunction with Management's Discussion and Analysis of Results of Operations and Financial Condition.

	DEC	MARCH	JUNE	SEPT	YEAR
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)				
FISCAL 1995					
Net sales.....	\$428.0	\$481.3	\$494.8	\$426.3	\$1,830.4
Cost of sales.....	\$296.8	\$329.4	\$336.1	\$296.7	\$1,259.0
Net income.....	\$ 33.9	\$ 46.4	\$ 47.0	\$ 44.6(a)	\$ 171.9
Income applicable to common shares...	\$ 33.0	\$ 45.5	\$ 46.1	\$ 43.7	\$ 168.4
Income per common share (primary)....	\$ 0.85	\$ 1.17	\$ 1.18	\$ 1.13	\$ 4.35
FISCAL 1994					
Net sales.....	\$398.5	\$434.9	\$428.8	\$417.7	\$1,679.8
Cost of sales.....	\$296.8	\$319.3	\$312.3	\$305.9	\$1,234.3
Net income.....	\$ 16.0	\$ 22.3	\$ 22.0	\$ 18.4(b)	\$ 78.7
Income applicable to common shares...	\$ 15.1	\$ 21.4	\$ 21.1	\$ 17.5	\$ 75.1
Income per common share (primary)....	\$ 0.39	\$ 0.56	\$ 0.55	\$ 0.45	\$ 1.96

(a) Includes \$14.5 after-tax gain on sale of safety business and \$7.9 after-tax charge for environmental reserves.

(b) Includes \$6.8 after-tax charge for environmental reserves and \$6.3 after-tax gain on resolution of matters from divested energy businesses.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements were prepared by Cabot Corporation in conformity with generally accepted accounting principles. The Company's management is responsible for the integrity of these statements and of the data, estimates and judgments that underlie them.

Cabot Corporation maintains a system of internal accounting controls designed to provide reasonable assurance that the Company's assets are safeguarded from loss or unauthorized use, that transactions are properly authorized and recorded, and that financial records are reliable and adequate for public reporting. The standard of reasonable assurance is based on management's judgment that the cost of such controls should not exceed their associated benefits. The system is monitored and evaluated on an ongoing basis by management in conjunction with the Company's internal audit staff, independent accountants, and the Audit Committee of the Board of Directors.

Coopers & Lybrand, L.L.P., independent accountants, were engaged by the Company to audit these financial statements. Their audit was conducted in accordance with generally accepted auditing standards and included a study and evaluation of the Company's system of internal accounting controls, selected tests of that system, and related audit procedures as they consider necessary to render their opinion.

The Audit Committee of the Board of Directors provides general oversight responsibility for the financial statements. Composed entirely of Directors who are not employees of the Company, the Committee meets periodically with Company management, internal auditors and the independent accountants to review the quality of the financial reporting and internal controls as well as the results of the auditing efforts. The internal auditors and independent accountants have full and direct access to the Audit Committee, with and without management present.

/s/ Samuel W. Bodman
Samuel W. Bodman
Chief Executive Officer

/s/ Kenyon C. Gilson
Kenyon C. Gilson
Chief Financial Officer

/s/ Paul J. Gormisky
Paul J. Gormisky
Chief Accounting Officer

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE DIRECTORS AND STOCKHOLDERS OF CABOT CORPORATION

We have audited the accompanying consolidated balance sheets of Cabot Corporation as of September 30, 1995 and 1994 and the related consolidated statements of income and cash flows for each of the three fiscal years in the period ended September 30, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cabot Corporation as of September 30, 1995 and 1994, and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended September 30, 1995, in conformity with generally accepted accounting principles.

As discussed in Notes H and K to the Consolidated Financial Statements, the Company changed its methods of accounting for postretirement benefits other than pensions and for income taxes, respectively, in fiscal 1993.

/s/ Coopers & Lybrand L.L.P.

Boston, Massachusetts
October 30, 1995, except for the information in Note I,
for which the date is December 1, 1995

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year ended SEPTEMBER 30, 1995 Commission File Number 1-5667

CABOT CORPORATION
(Exact Name of Registrant as Specified in Charter)

EXHIBITS

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
3 (a) --	Certificate of Incorporation of Cabot Corporation restated effective October 24, 1983, as amended February 14, 1985, December 3, 1986, February 19, 1987, November 18, 1988, and November 24, 1995.
10 (b)(ii) --	Amendment No. 1, dated January 13, 1995, to Credit Agreement, dated as of January 13, 1994, among Cabot Corporation and 11 banks and Morgan Guaranty Trust Company of New York, as agent for the banks.
10 (e)(v)* --	Cabot Corporation Deferred Compensation Plan, dated January 1, 1995.
11 --	Statement Re Computation of Per Share Earnings.
12 --	Statement Re Computation of Ratio of Earnings to Fixed Charges.
21 --	List of Significant Subsidiaries.
24 --	Power of attorney for signing of this Annual Report on Form 10-K.
27 --	Financial Data Schedule.

* Management contract or compensatory plan or arrangement.

RESTATED CERTIFICATE OF INCORPORATION

OF

CABOT CORPORATION
(Originally incorporated July 14, 1960)

Pursuant to Section 245, Subchapter VIII, Chapter 1, Title 8

of the

General Corporation Law of Delaware

CABOT CORPORATION, a corporation organized and existing under the General Corporation Law of the State of Delaware, by authority of its Board of Directors set forth in a vote duly adopted on October 14, 1983, restates and integrates its Certificate of Incorporation to read in full as herein set forth:

FIRST: The name of this corporation is

CABOT CORPORATION

SECOND: Its principal office in the State of Delaware is located at No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name and address of its resident agent is The Corporation Trust Company, No. 100 West Tenth Street, Wilmington, Delaware 19801.

THIRD: The nature of the business of this corporation and the objects or purposes to be transacted, promoted and carried on by it are as follows:

1. To acquire, by merger, consolidation, or otherwise, the businesses now owned and carried on by the following corporations organized and existing under the Laws of the Commonwealth of Massachusetts:

- (a) Godfrey L. Cabot, Inc.
- (b) Cabot Carbon Company
- (c) Cabot Shops, Inc.
- (d) Cabot Gasoline Corporation

together with all their property, rights, privileges, powers and franchises; and to assume in connection therewith all of the debts, liabilities and duties of the said Massachusetts corporations.

2. To manufacture, produce, compound, refine, buy or otherwise acquire, to sell or otherwise dispose of, and to deal in chemicals of every description, chemical mixtures, medicines, pharmaceutical supplies, chemical and medicinal preparations, drugs (except as forbidden by law), and any other chemical products in the form of raw materials or otherwise, and by-products derived from the manufacture thereof or made therefrom, carbon black, furnace black, dye-stuffs, cements, minerals, superphosphates, soap, fertilizers, paints, varnishes, pigments, polishes, stains, oils, acids, alcohols, coal, coke, coal-tar, coal-tar products and derivatives, peat, peat products, rubber, rubber goods, synthetic rubber, butadiene, and other petrochemicals of every description, and all other products related to any one or more of the foregoing.

3. To prospect, explore, drill for, produce and accumulate oil and gas, liquified petroleum gas and natural gasoline; to buy, lease or otherwise acquire, to sell, lease or otherwise dispose of, and to deal in oil, gas, natural gasoline and any and all materials incidental to or necessary for the production of oil, gas, natural gasoline, and all the by-products thereof, and oil and gas rights, privileges and leases of all kinds and descriptions.

4. To mine, produce, manufacture, refine, handle, buy, or otherwise acquire, and to sell or otherwise dispose of, and to deal in elements, minerals, metals, ores, precious stones and base materials of every nature and products using the same.

5. To buy, sell, manufacture, fabricate, produce and deal in steel, iron, and other metals, metal products, and all other building materials; to construct, maintain, work or operate, plants, mills, furnaces, factories, engines, boilers, machinery and tools; and to carry on the business of mechanical engineers and dealers in machinery and manufacturers of plants, engines and other machinery, tool makers, brass founders, metal workers, boiler makers, mill-wrights, machinists, iron and steel converters, smiths, builders, carpenters, metallurgists, and electrical, civil, mechanical and water supply engineers.

6. To conduct research, scientific or technical investigations and experiments, development work and pilot plant work, and training and educational programs, and to seek for and develop inventions, processes, improvements, new or improved products, and uses for products, new or improved manufacturing and operating techniques and methods, and wider scientific, technical, manufacturing and operating knowledge, and to furnish, to this corporation or to others, consulting, engineering, testing, experimental and other services, all as may relate or be incidental to or be useful or advantageous in or in connection with any business, operation or activity in which this corporation is authorized to engage.

7. To manage and operate, in whole or in part, and to keep the books, accounts and records, in whole or in part, of any other corporation, firm or entity, and to enter into contracts for the performance of such service.

8. To carry on any manufacturing, selling, management, service, research or other business, operation or activity which is lawful to be carried on by a corporation organized under the General Corporation Law of the State of Delaware as amended, whether or not similar or related or incidental to or useful or advantageous in or in connection with the businesses, operations and activities referred to in the foregoing paragraphs.

9. To manufacture, produce, purchase, lease or otherwise acquire, to own, operate, and process, to sell, lease or otherwise dispose of, and to deal in all kinds of machines, machinery, plant equipment, tools, materials, merchandise, fixtures, goods and other property of all kinds useful in or in connection with any business or activity in which this corporation is authorized to engage.

10. To explore, prospect, buy, lease or otherwise acquire, to own, hold and operate, to sell, lease or otherwise dispose of, and to deal in lands, mining claims, water claims, water rights, mineral rights, and any other rights, oil wells, gas wells, oil lands, gas lands and other real property, the rights and interest in and to real property, manufacturing plants, laboratories, pilot plants, oil refineries, gas works and plants, including plants for the production of coke, gasoline, and other by-products, mines, smelters, warehouses, offices and other buildings, structures, building equipment, pipelines, railroads, and real estate improvements, all to the extent permitted by law and as may relate or be incidental to or be useful in or in connection with any business or activity in which this corporation is authorized to engage.

11. To acquire, hold, use, sell, assign, lease, grant licenses under, or otherwise dispose of, letters patent of the United States or any foreign country, patent rights, licenses and privileges, inventions, improvements and processes, copyrights, trademarks and trade names, relating to or useful in connection with any business in which this corporation is authorized to engage.

12. To subscribe for, purchase or otherwise acquire, to hold and own, to sell, assign, transfer or otherwise dispose of, and generally to deal in and with, securities, and while the holder or owner thereof to have and exercise all rights, powers and privileges of ownership, including the right to vote or consent or give proxies or powers of attorney therefor; and to carry on any business, operation or activity through a wholly or partly owned subsidiary.

13. To acquire by purchase, exchange, merger or consolidation or otherwise all or any part of the property and assets, including the business, good will, rights and franchises, of any corporation, association, trust, firm or individual wherever organized, created or located, and in payment or exchange therefor to pay cash, transfer property and issue securities to the transferor or its security holders and to assume or become liable for any liabilities and obligations; and to hold and operate or in any manner to dispose of all or any part of the property and assets so acquired.

14. To dispose by sale, exchange, merger or consolidation or otherwise, of all or any part of the property and assets, including the business, good will, rights and franchises, of this corporation, to any corporation, association, trust, firm or individual wherever organized, created or located, for cash or property, including securities, or the assumption of the liabilities and obligations of this corporation, and if desired, and subject to the rights of creditors and preferred stockholders (if any), to distribute such cash, securities or other property to the security holders of this corporation in exchange for or in partial or complete liquidation or redemption of their securities.

15. To enter into, make and perform contracts of every kind and description with any person, firm, association, corporation, municipality, county, state, body politic or government or colony or dependency thereof.

16. To have one or more offices and to carry on all or any of operations and businesses in any and all parts of the world.

17. To borrow money and obtain credit; for money borrowed or for sale or pledge or in order to pay, evidence or secure any liability or obligation, to execute, issue and deliver and sell, pledge or otherwise dispose of bonds, notes, debentures or other evidences of indebtedness, secured or unsecured; to give security for any such bonds, notes, debentures or other evidences of indebtedness or for any purchase price, guaranty, line of credit, covenant, fidelity or performance bond or any other liability or obligation and any premium interest and other sums due thereon or therewith and any covenants or obligations connected therewith; and for the foregoing purposes to mortgage or pledge or execute an indenture of mortgage or deed of trust upon or create a lien upon or other security title or security interest in all or any part of the property and assets, real and personal, of this corporation, then owned or thereafter acquired.

18. To lend money, credit or security to, and to guarantee or assume any liabilities and obligations of, and to aid in any other manner any corporation, association, trust, firm or individual wherever organized, created or located, any of whose securities are held by this corporation or in whose affairs or prosperity this corporation has a lawful interest, and to do all acts and things designed to protect, improve or enhance the value of such securities or interest.

19. The directors of this corporation are authorized to make charitable contributions as defined in the United States Internal Revenue Code, as from time to time amended, in such amounts as the directors may determine to be reasonable.

20. To do any and all acts and things in this Article Third set forth, to the same extent as an individual might or could do, as principal, factor, consignee, agent, contractor or otherwise, and either alone or in conjunction or jointly with any corporation, association, trust, firm or individual; and, in general, to do any and all acts and things and to engage in any and all businesses whatsoever, necessary, suitable, advantageous or proper for or in connection with or incidental to the exercise, transaction, promotion or carrying on of any of the businesses, powers, purposes or objects in this Article Third set forth; excepting in every case all acts, things and businesses forbidden by law.

21. In this Article Third the word "securities" means, to the extent that the context permits, stocks, shares, bonds, notes, debentures and other evidences of interest in or indebtedness of any corporation, association, trust or firm, and notes and other evidences or indebtedness of any individual, and bonds, notes, debentures and other evidences of indebtedness of any country, state, county, city, town or other governmental body or agency.

22. In this certificate of incorporation, unless it is otherwise expressly provided, the statements of the businesses, objects and purposes of this corporation shall be construed both as objects and powers, the enumeration of specific powers shall not be held to limit or restrict in any manner the exercise by this corporation of the general powers conferred upon corporations by the laws of the State of Delaware, and no statement of any business, object or purpose shall be deemed to limit or be exclusive of any other stated business, object or purpose, but all are separate and cumulative and all may be transacted, promoted and carried on separately or together and at any time and from time to time.

FOURTH: The total number of shares of common stock which this corporation shall have authority to issue is eighty million shares and the par value of each of such shares is one dollar (\$1.00) amounting in the aggregate to Eighty Million Dollars (\$80,000,000).

The total number of shares of preferred stock which this corporation shall have authority to issue is two million shares and the par value of each of such shares is One Dollar (\$1.00) amounting in the aggregate to Two Million Dollars (\$2,000,000). The Board of Directors may provide for the issuance of such preferred stock in one or more series, each series to have such voting powers, full or limited, or no voting powers, such designations, preferences and relative participating, optional or other special rights, and such qualifications, limitations or retrictions thereof, and to be subject to such terms of redemption, if any, as shall be specified by the Board of Directors and stated and expressed in the vote or votes of the Board of Directors providing for the issue of such preferred stock.

The holders of the common stock shall be entitled to one vote for each share of common stock registered in their respective names on the books of this corporation.

The board of directors may from time to time, in connection with any employee stock option or purchase plan, fix limitations and restrictions on the transfer of any or all of the authorized but unissued shares of this corporation made available for such stock option or purchase plan, such restrictions to take effect upon the issue of such shares. No such limitation or restriction shall be valid unless notice thereof is given on the certificate or certificates representing such shares.

No stockholder of this corporation shall by reason of his holding shares of any class have any pre-emptive or preferential purchase or subscribe to any shares of any class of this corporation, now or hereafter to be authorized, or any notes, debentures, bonds, or other securities convertible into or carrying options or warrants to purchase shares of any class, now or hereafter to be authorized, whether or not the issue of any such shares, or such notes, debentures, bonds or other securities would adversely affect the dividend or voting rights of such stockholder, other than such rights, if any, as the board of directors, in its discretion from time to time may grant, and at such price as the board of directors in its discretion may fix; and the board of directors may issue shares of any class of this corporation, or any notes, debentures, bonds, or other securities convertible into or carrying options or warrants to purchase shares of any class, without offering any such shares or securities, either in whole or in part, to the existing stockholders of any class.

FIFTH: The minimum amount of capital with which the corporation will commence business is One Thousand Dollars (\$1,000.00).

The board of directors, without the assent of or other action by the stockholders, may from time to time authorize the issue and sale of shares of stock of this corporation now or hereafter authorized, for such consideration and upon such terms as the board of directors may determine, or the board of directors may authorize such consideration and terms to be fixed in whole or in part by any officer or officers of this corporation.

SIXTH: This corporation is to have perpetual existence.

SEVENTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

EIGHTH: The following provisions are inserted for the regulation and conduct of the affairs of this corporation, and it is expressly provided that they are intended to be in furtherance and not in limitation or exclusion of the powers elsewhere conferred herein or in the by-laws or conferred by law:

(a) Except as may be otherwise expressly required by law or by other provisions of this certificate of incorporation or by the by-laws, the board of directors shall have and may exercise, transact, manage, promote and carry on all of the powers, authorities, businesses, objects and purposes of this corporation.

(b) The directors who are not directors emeritus shall be divided into three classes of approximately equal size. At the annual meeting to be held January 21, 1969, one class shall be elected to a term of three years, another class to a term of two years, and the third class to a term of one year; and at each subsequent annual election the successors to directors whose terms shall expire that year shall each be elected to a term of three years. The directors emeritus, if any, shall be elected or appointed for such terms and shall have such duties not contrary to law as may from time to time be provided for in the by-laws. No director need be a stockholder. The election of directors need not be by ballot unless the by-laws shall so require.

(c) By-laws may be made, altered, amended or repealed by a vote of the stockholders or a vote of the majority of the directors then in office at any annual, regular, or special stockholders or directors meeting, called for that purpose, the notice of which shall specify the subject matter of the proposed new by-law or the alteration, amendment, or repeal of an existing by-law, or the articles to be affected thereby. Any

by-law whether made, altered, amended, or repealed by the stockholders or directors may be repealed, amended, further amended, or reinstated, as the case may be, by either the stockholders or the directors as aforesaid.

(d) The board of directors may at any time set apart out of any of the funds of this corporation available for dividends a reserve or reserves for any proper purpose and may at any time reduce or abolish any such reserve. Any other proper reserves may also be carried.

(e) This corporation may purchase, hold, sell and transfer shares of its own capital stock, but shall not use its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of the capital of this corporation, subject always to the right of this corporation to reduce its capital or to redeem any preferred or special shares out of capital as permitted by law. Shares of its own capital stock belonging to this corporation shall not be voted upon directly or indirectly.

(f) The board of directors may from time to time authorize and maintain bonus, profit sharing or other types of incentive or compensation plans or pension or retirement plans for the employees (including officers and directors) of this corporation or of its subsidiaries, affiliates or any other corporation, association, trust or firm wherever organized, created or located in whose affairs or prosperity this corporation has any lawful interest and fix the amount of the profits to be distributed or shared and determine the persons to participate in any such plans and the amounts of their respective participation or benefits.

(g) The board of directors may from time to time determine whether and to what extent and at what times and places and under what conditions and regulations the accounts and books and papers of this corporation, or any of them, shall be open to the inspection of the stockholders, and no stockholder shall have any right to inspect any account, book or document of this corporation, except as and to the extent expressly provided by law with reference to the right of stockholders to examine the original or duplicate stock ledger, or otherwise expressly provided by law, or except as expressly authorized by resolution of the board of directors.

(h) The directors of this corporation are likely to be connected with other corporations, partnerships, associations or firms with which from time to time this corporation may have business dealings. No contract or other transaction between this corporation and any other corporation, partnership, association or firm and no act of this corporation shall be affected by the fact that directors of this corporation are pecuniarily or otherwise interested in, or are directors, members, or officers of such other corporation, partnership, association or firm. Any director individually, or any firm of which such director may be a member, may be a party to or may be pecuniarily or otherwise interested in any contract or transaction of this corporation, provided that the fact that he or such firm is so interested shall be disclosed or shall have been known to the board of directors or a majority thereof. Every contract, act or transaction which at any annual meeting of the stockholders, or at any special meeting of the stockholders called for the purpose, among others, of considering such contract, act or transaction, shall be authorized, approved or ratified by vote of the holders of a majority of the shares of the capital stock of this corporation present in person or represented by proxy at such meeting

(provided that a quorum of stockholders be there present or represented by proxy) shall be as valid and binding upon this corporation and upon all its stockholders as though such a contract, act or transaction had been expressly authorized, approved and ratified by every stockholder of this corporation.

(i) No person shall be liable to this corporation for any loss or damage suffered by it on account of any action taken or omitted to be taken by him in good faith as a director, member of a directors' committee or officer of this corporation, if such person exercised or used the same degree of care and skill as a prudent man would have exercised or used under the circumstances in the conduct of his own affairs. Without limitation of the foregoing, any such person shall be deemed to have exercised or used such degree of care and skill if he took or omitted to take such action in reliance in good faith upon advice of counsel for this corporation, or the books of account or other records of this corporation, or reports or information made or furnished to this corporation by any official, accountant, engineer, agent, or employee of this corporation, or by any independent public accountant or auditor, counsel, engineer, appraiser or other expert retained or employed by this corporation and selected with reasonable care by the board of directors, by any such committee or by any authorized officer of this corporation.

(j) The Company shall indemnify any person who was or is party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (and whether or not by or in the right of the corporation) by reason of the fact that he 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,

partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, to the extent and under the circumstances permitted by the General Corporation Law of The State of Delaware as amended from time to time. Such indemnification (unless ordered by a court) shall be made as authorized in a specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standards of conduct set forth in the General Corporation Law of the State of Delaware. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders. The foregoing right of indemnification shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

NINTH: Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this corporation under the provisions of section 291 of Title 8 of the Delaware Code or on the

application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all of the creditors or class of creditors, and/or on all the stockholders or class of stockholders of this corporation, as the case may be, and also on this corporation.

TENTH: This corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ELEVENTH: The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving this corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

This Restated Certificate of Incorporation restates and integrates the corporation's Certificate of Incorporation as heretofore amended by Certificates of Amendment as filed with the Secretary of State of the State of Delaware on May 7, 1968, January 21, 1969, March 8, 1971, February 21, 1978 and October 8, 1980, and eliminates certain provisions that under the General Corporation Law of Delaware are no longer required to be included in the Certificate of Incorporation. Except for such provisions so eliminated, this Restated Certificate of Incorporation does not further amend the corporation's Certificate of Incorporation as heretofore amended and no discrepancy exists between those provisions and the provisions of this Restated Certificate of Incorporation.

IN WITNESS WHEREOF, CABOT CORPORATION has caused this Restated Certificate of Incorporation to be duly executed this 14th day of October, 1983 by Robert A. Charpie, its President, and attested by Walter F. Greeley, its Secretary.

CABOT CORPORATION

By: /S/ ROBERT A. CHARPIE

Robert A. Charpie, President

ATTEST:

By /S/ WALTER F. GREELEY

Walter F. Greeley, Secretary

CERTIFICATE OF SECRETARY

The undersigned, Walter F. Greeley, hereby certifies that he is the duly elected, Qualified and acting Secretary of CABOT CORPORATION, a corporation organized and existing under the laws of the State of Delaware, and that the foregoing 16 numbered pages are a true, correct and complete copy of the Restated Certificate of Incorporation of said Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and impressed the corporate seal of CABOT CORPORATION on this 14th day of October, 1983.

/S/ WALTER F. GREELEY

Secretary

[Corporate Seal]

CERTIFICATE OF AMENDMENT

OF
--

RESTATED CERTIFICATE OF INCORPORATION

CABOT CORPORATION, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said Corporation, by unanimous written consent and agreement in lieu of a formal meeting, dated as of November 21, 1984, adopted a vote setting forth the proposed amendment to the Restated Certificate of Incorporation of said Corporation, declaring said amendment to be advisable and recommending the adoption of said amendment by vote of the stockholders of the Corporation at its Annual Meeting of Stockholders called for February 8, 1985. The vote setting forth the proposed amendment is as follows:

VOTED: That the Restated Certificate of Incorporation of this Corporation be amended, subject to stockholder approval, as follows:

1. by renumbering the present Articles "TENTH" and "ELEVENTH" as "ELEVENTH" and "TWELFTH".
2. by adding the following language at the end of newly numbered Article ELEVENTH:

"Notwithstanding any provision of law, this restated certificate of incorporation or the by-laws of this corporation (and notwithstanding the fact that a lesser percentage may be specified by law, this restated certificate of incorporation or the by-laws of this corporation), and in addition to any affirmative vote of the holders of any class of preferred stock of this corporation outstanding or any other class of capital stock of this corporation or any series of any of the foregoing then outstanding which is required by law or by or pursuant to this

restated certificate of incorporation, the affirmative vote of the holders of 66-2/3 percent or more of the voting power of the shares of the then outstanding shares of stock of all classes and series of this corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend or repeal paragraph (a), (b) or (c) of Article EIGHTH or Article TENTH of this restated certificate of incorporation or to adopt any provision inconsistent therewith."

3. by adding a new Article TENTH as follows:

"TENTH: 1. Vote Required for Certain Business Combinations.

In addition to any affirmative vote required by law or this restated certificate of incorporation, and except as otherwise expressly provided in section 2 of this Article TENTH:

(a) Any merger or consolidation of this corporation or any subsidiary (as hereinafter defined) with (1) any interested stockholder (as hereinafter defined) or (2) any other corporation or other person (whether or not itself an interested stockholder) which is, or after such merger or consolidation would be, an affiliate (as hereinafter defined) of an interested stockholder; or

(b) Any plan of exchange for all outstanding shares of this corporation or any subsidiary or for any class of shares of either with (1) any interested stockholder or (2) any other corporation or other person (whether or not itself an interested stockholder) which is, or after such plan of exchange would be, an affiliate of an interested stockholder; or

(c) Any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any interested stockholder or any affiliate of any interested stockholder of any assets of this corporation or any subsidiary having an aggregate fair market value (as hereinafter defined) of \$20,000,000 or more; or

(d) The issuance or transfer by this corporation or any subsidiary (in one transaction or a series of transactions) of any securities of this corporation or any subsidiary to any interested stockholder or any affiliate of any interested stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate fair market value of \$20,000,000 or more; or

(e) The adoption of any plan or proposal for the liquidation or dissolution of this corporation proposed by or on behalf of an interested stockholder or any affiliate of any interested stockholder; or

(f) Any reclassification of securities (including any reverse stock split), or recapitalization of this corporation, or any merger or consolidation of this corporation with any of its subsidiaries or any other transaction (whether or not with or into or otherwise involving an interested stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of stock or securities convertible into stock of this corporation or any subsidiary which is directly or indirectly owned by any interested stockholder or any affiliate of any interested stockholder;

shall require the affirmative vote of the holders of at least 66 2/3 percent of the combined voting power of the then outstanding shares of

stock of all classes and series of this corporation entitled to vote generally in the election of directors (the "voting stock"), in each case voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or by this restated certificate of incorporation or any vote or votes adopted pursuant to Article THIRD of this restated certificate of incorporation or in any agreement with any national securities exchange or otherwise.

2. When Higher Vote is not Required. The provisions of this Article TENTH shall not be applicable to any particular business combination (as hereinafter defined), and such business combination shall require only such affirmative vote as is required by law, any other provision of this restated certificate of incorporation, any preferred stock designation or any agreement with any national securities exchange, if, all of the conditions specified in either of the following paragraphs (a) and (b) are met:

(a) Approval by Continuing Directors. The business combination shall have been approved by a majority of the continuing directors (as hereinafter defined), it being understood that this condition shall not be capable of satisfaction unless there is at least one continuing director; or

(b) Price and Procedure Requirements. All of the following conditions shall have been met:

(1) The aggregate amount of the cash and the fair market value as of the date of the consummation of the business combination of any consideration other than cash to be received per share by holders of common stock (as hereinafter defined) in such business combination shall be at least equal to the highest of the following:

(A) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the interested stockholder for any shares of common stock acquired by it (i) within the two-year period immediately prior to the first public announcement of the proposal of the business combination (the "announcement date") or (ii) in the transaction in which it became an interested stockholder, whichever is higher; or

(B) the fair market value per share of common stock on the announcement date or on the date on which the interested stockholder became an interested stockholder (such latter date is referred to in this Article TENTH as the "determination date"), whichever is higher; or

(C) (if applicable) the price per share equal to the fair market value per share of common stock determined pursuant to paragraph (b)(1)(B) above, multiplied by the ratio of (i) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the interested stockholder for any shares of common stock acquired by it within the two-year period immediately prior to the announcement date to (ii) the fair market value per share of common stock on the first day in such two-year period upon which the interested stockholder acquired any shares of common stock; and

(2) The consideration to be received by holders of a particular class or series of outstanding voting stock (including common stock) shall be in cash or in the same form as the interested stockholder has previously paid for shares of such class. If the interested stockholder has paid for shares of voting stock with varying forms of consideration, the form of

consideration to be received by holders of such class or series of voting stock shall be either cash or the form used to acquire beneficially the largest number of shares of such class or series of voting stock previously acquired by it; and

(3) After such interested stockholder has become an interested stockholder and prior to the consummation of such business combination:

(A) except as approved by a majority of the continuing directors, there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) on any outstanding preferred stock;

(B) there shall have been (i) no reduction in the annual rate of dividends paid on the common stock (except as necessary to reflect any subdivision of the common stock), except as approved by a majority of the continuing directors, and (ii) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of the common stock, unless the failure so to increase such annual rate is approved by a majority of the continuing directors; and

(C) such interested stockholder shall not have become the beneficial owner of any additional shares of voting stock except as part of the transaction in which it became an interested stockholder; and

(4) After such interested stockholder has become an interested stockholder, such interested stockholder shall not have received the benefit, directly or indirectly (except proportionately as a stockholder), of any loans, advances,

guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the corporation, whether in anticipation of or in connection with such business combination or otherwise; and

(5) A proxy or information statement describing the proposed business combination and complying with the requirements of the Securities Exchange Act of 1934 (the "1934 Act") and the rules and regulations thereunder (or any subsequent provisions replacing such 1934 Act, rules or regulations) shall be mailed to public stockholders of the corporation at least 30 days prior to the consummation of such business combination (whether or not such proxy or information statement is required to be mailed pursuant to the 1934 Act or subsequent provisions).

3. Certain Definitions. For the purposes of this Article TENTH:

(a) "affiliate" or "associate" has the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the 1934 Act, as in effect on February 8, 1985.

(b) "board" means the board of directors of this corporation.

(c) A person is a "beneficial owner" of any voting stock:

(1) which such person or any of its affiliates or associates beneficially owns, directly or indirectly; or

(2) which such person or any of its affiliates or associates has (A) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (B) the right to vote or direct the vote pursuant to any agreement, arrangement or understanding; or

(3) which are beneficially owned, directly or indirectly, by any other person with which such person or any of its affiliates or associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of voting stock.

(d) The term "business combination" means any transaction which is referred to in any one or more of paragraphs (a) through (f) of Section 1.

(e) "common stock" means the common capital stock of this corporation.

(f) "continuing director" means any member of the board who is unaffiliated with and not a nominee of the interested stockholder and was a member of the board prior to the time that the interested stockholder became an interested stockholder, and any successor of a continuing director who is unaffiliated with, and not a nominee of the interested stockholder and who is recommended to succeed a continuing director by a majority of continuing directors then on the board.

(g) "fair market value" means: (1) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the 1934 Act on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing price or bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the

National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by a majority of the continuing directors in good faith; and (2) in the case of stock that is not traded on any United States registered securities exchange nor in any over-the-counter market or in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by a majority of the continuing directors in good faith.

(h) "interested stockholder" means any person (other than this corporation or any subsidiary) who or which:

(1) is the beneficial owner, directly or indirectly, of more than 10 percent of the combined voting power of the then outstanding voting stock; or

(2) is an affiliate of the corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of 10 percent or more of the voting power of the then outstanding voting stock; or

(3) is an assignee of or has otherwise succeeded to the beneficial ownership of any shares of voting stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by any interested stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

For the purpose of determining whether a person is an interested stockholder pursuant to this paragraph (h) of this Section 3, the number of shares of voting stock deemed to be outstanding shall include shares deemed owned through application of paragraph (c) of this section 3 but shall not include any other shares of voting stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(i) A "person" means any individual, firm, corporation, group (as such term is used in Rule 13d of the General Rules and Regulations under the 1934 Act as in effect on February 8, 1985) or other entity.

(j) "subsidiary" means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by this corporation; provided, however, that for the purposes of the definition of interested stockholder set forth in paragraph (h) of this section 3, the term "subsidiary" means only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by this corporation.

4. Powers of the Board. A majority of the continuing directors shall have the power and duty to determine for the purposes of this Article TENTH, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Article TENTH, including without limitation, (a) whether a person is an interested stockholder; (b) the number of shares of voting stock beneficially owned by any person; (c) whether a person is an affiliate or associate of another person; (d) whether the requirements of section 2.(b) of this Article TENTH have been met with respect to any proposed business combination, and (e) whether the assets which are the subject of any business combination have, or the consideration to

be received for the issuance or transfer of securities by this corporation or any subsidiary in any business combination has, an aggregate fair market value of \$20,000,000 or more. Any such determination made in good faith shall be binding and conclusive for all purposes of this Article TENTH.

5. No Effect on Fiduciary Obligations of Interested Stockholders. Nothing contained in this Article TENTH shall be construed to relieve any interested stockholder from any fiduciary obligation imposed by law."

SECOND: That thereafter, pursuant to vote of its Board of Directors, the Annual Meeting of Stockholders of said Corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendments were duly adopted in accordance with the applicable provision of Section 242 of the General Corporation Law of the State of Delaware.

FOURTH: That the capital of said Corporation shall not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, said CABOT CORPORATION has caused this certificate to be signed by Robert A. Charpie, its President, and attested by Henley R. Webb, its Assistant Secretary this 11th day of February, 1985.

ATTEST:

/s/ Henley R. Webb

Assistant Secretary

CABOT CORPORATION

By /s/ Robert A. Charpie

President

CERTIFICATE OF DESIGNATION, PREFERENCES AND
RIGHTS OF SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

of

CABOT CORPORATION

Pursuant to Section 151 of the General Corporation Law
of the State of Delaware

We, Robert A. Charpie, President, and Walter F. Greeley, Secretary, of Cabot Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware, in accordance with the provisions of Section 103 thereof, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors by the Restated Certificate of Incorporation, as amended, of the said Corporation, the said Board of Directors on November 14, 1986, adopted the following resolution creating a series of 800,000 shares of Preferred Stock designated as Series A Junior Participating Preferred Stock:

VOTED, that pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the provisions of its Restated Certificate of Incorporation, as amended, a series of Preferred Stock of the Corporation be and it hereby is created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

Section 1. DESIGNATION AND AMOUNT. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" and the number of shares constituting such series shall be 800,000.

Section 2. DIVIDENDS AND DISTRIBUTIONS.

(A) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Junior Participating Preferred Stock with respect to dividends, the holders of shares of Series A Junior Participating Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of

funds legally available for the purpose, quarterly dividends payable in cash on the eleventh day of January, March, June and September in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Junior Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$25 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared (but not withdrawn) on the common stock, par value \$1.00 per share, of the Corporation (the "Common Stock") since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Junior Participating Preferred Stock. In the event the Corporation shall at any time after November 14, 1986 (the "Rights Declaration Date") (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Junior Participating Preferred Stock as provided in paragraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$25 per share on the Series A

Junior Participating Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Junior Participating Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Junior Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof.

Section 3. VOTING RIGHTS. The holders of shares of Series A Junior Participating Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Junior Participating Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which

holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, by the Restated Certificate of Incorporation, as amended, or by law, the holders of shares of Series A Junior Participating Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) (i) If at any time dividends on any Series A Junior Participating Preferred Stock shall be in arrears in an amount equal to six (6) quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series A Junior Participating Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Preferred Stock (including holders of the Series A Junior Participating Preferred Stock) with dividends in arrears in an amount equal to six (6) quarterly dividends thereon, voting as a class, irrespective of series, shall have the right to elect two (2) Directors.

(ii) During any default period, such voting right of the holders of Series A Junior Participating Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (iii) of this Section 3(C) or at any annual meeting of stockholders, and thereafter at annual meetings of stockholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of one-third in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Preferred Stock of such voting right. At any meeting at which the holders of

Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect Directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two (2) Directors or, if such right is exercised at an annual meeting, to elect two (2) Directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number of Directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or PARI PASSU with the Series A Junior Participating Preferred Stock.

(iii) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect Directors, the Board of Directors may order, or any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of a special meeting of the holders of Preferred Stock, which meeting shall thereupon be called by the President, a Vice-President or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this paragraph (C) (iii) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than 20 days and not later than 60 days after such order or request or in default of the calling of such meeting within 60 days after such order or request, such meeting may be called on similar notice by any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding. Notwithstanding the provisions of this paragraph (C)(iii), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of the stockholders.

(iv) In any default period, the holders of Common Stock, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of Directors until the holders of Preferred Stock shall have exercised their right to elect two (2) Directors voting as a class, after the exercise of which right (x) the Directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in paragraph (C)(ii) of this Section 3) be filled by vote of a majority of the remaining Directors theretofore elected by the holders of the class of stock which elected the Director whose office shall have become vacant. References in this paragraph (C) to Directors elected by the holders of a particular class of stock shall include Directors elected by such Directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(v) Immediately upon the expiration of a default period, (x) the right of the holders of Preferred Stock as a class to elect Directors shall cease, (y) the term of any Directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of Directors shall be such number as may be provided for in the certificate of incorporation or by-laws irrespective of any increase made pursuant to the provisions of paragraph (C)(ii) of this Section 3 (such number being subject, however, to change thereafter in any manner provided by law or in the certificate of incorporation or by-laws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining Directors.

(D) Except as set forth herein, holders of Series A Junior Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. CERTAIN RESTRICTIONS.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Junior Participating Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Junior Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, except dividends paid ratably on the Series A Junior Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Junior Participating Preferred Stock;

(iv) purchase or otherwise acquire for consideration any shares of Series A Junior Participating Preferred Stock, or any

shares of stock ranking on a parity with the Series A Junior Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. REACQUIRED SHARES. Any shares of Series A Junior Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

Section 6. LIQUIDATION, DISSOLUTION OR WINDING UP. (A) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Junior Participating Preferred Stock shall have received \$225 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series A Liquidation Preference"). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an

amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Series A Liquidation Preference by (ii) 100 (as appropriately adjusted as set forth in subparagraph C below to reflect such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii) immediately above being referred to as the "Adjustment Number"). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Junior Participating Preferred Stock and Common Stock, respectively, holders of Series A Junior Participating Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to one (1) with respect to such Preferred Stock and Common Stock, on a per share basis, respectively.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of preferred stock, if any, which rank on a parity with the Series A Junior Participating Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(C) In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. CONSOLIDATION, MERGER, ETC. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Junior Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. REDEMPTION. The outstanding shares of Series A Junior Participating Preferred Stock may be redeemed at the option of the Board of Directors as a whole, but not in part, at any time, or from time to time, at a cash price per share equal to 105 percent of (i) the product of the Adjustment Number times the Average Market Value (as such term is hereinafter defined) of the Common Stock, plus (ii) all dividends which on the redemption date have accrued on the shares to be redeemed and have not been paid, or declared and a sum sufficient for the payment thereof set apart, without interest. The "Average Market Value" is the average of the closing sale prices of the Common Stock during the 30 day period immediately preceding the date before the redemption date on the Composite Tape for New York Stock Exchange Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended, on which such

stock is listed, or, if such stock is not listed on any such exchange, the average of the closing sale prices with respect to a share of Common Stock during such 30-day period, as quoted on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value of the Common Stock as determined by the Board of Directors in good faith.

Section 9. RANKING. The Series A Junior Participating Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

Section 10. AMENDMENT. The Restated Certificate of Incorporation, as amended, of the Corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority or more of the outstanding shares of Series A Junior Participating Preferred Stock, voting separately as a class.

Section 11. FRACTIONAL SHARES. Series A Junior Participating Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holders fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Junior Participating Preferred Stock.

IN WITNESS WHEREOF, we have executed and subscribed this Certificate and do affirm the foregoing as true under the penalties of perjury this 2nd day of December , 1986.

/s/ Robert A. Charpie

President

Attest:

/s/ Walter F. Greeley
- -----
Secretary

CERTIFICATE OF AMENDMENT
-----OF
--RESTATED CERTIFICATE OF INCORPORATION

CABOT CORPORATION, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said Corporation, at a meeting duly held on November 14, 1986, adopted votes setting forth proposed amendments to the Restated Certificate of Incorporation of said Corporation, declaring said amendments to be advisable and recommending the adoption of said amendments by vote of the stockholders of the Corporation at its Annual Meeting of Stockholders called for February 13, 1987. The votes setting forth the proposed amendments are as follows:

VOTED: That it is advisable for this Corporation to amend its Restated Certificate of Incorporation by the proposed amendments described below and that this board recommends the adoption of such proposed amendments by vote of the Corporation at its Annual Meeting of Stockholders called for February 13, 1987:

a. To delete paragraph (i) of Article EIGHTH and insert in its place the new paragraph (i) of Article EIGHTH as follows:

(i)(1) No director of this corporation shall be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to this corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, as the same exists or hereafter may be amended, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is hereafter amended to authorize the further elimination or limitation of this liability of directors, then the liability of a director of the corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended Delaware General Corporation Law. Any repeal or modification of this Article by the stockholders of this corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of this corporation for acts or omissions prior to such repeal or modification.

(2) No officer or employee of this corporation shall be liable to this corporation for any loss or damage suffered by it on account of any action taken or omitted to be taken by him in good faith as an officer or employee of this corporation, if such person exercised or used the same degree of care and skill as a prudent man would have exercised or used under the circumstances in the conduct of his own affairs.

(3) For purposes of determining compliance with this paragraph (i), any director, officer or employee of this corporation shall be deemed to have taken actions or omitted to take actions in good faith if the action taken or omitted to be taken by him or her was taken or omitted in reliance in good faith upon the advice of counsel for this corporation, or the books of account or other records of this corporation, or reports or information made or furnished to this corporation by any official, accountant, engineer, agent, or employee of this corporation, or by any independent public accountant or auditor, counsel, engineer, appraiser, investment banker or other expert retained or employed by this corporation, by the directors, by any committee of the board of directors of this corporation or by any authorized officer of this corporation.

- b. To delete paragraph (j) of Article EIGHTH and insert in its place a new paragraph (j) of Article EIGHTH as follows:

(j) The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (and whether or not by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another company, partnership, joint venture, trust or other enterprise, or is or was serving as a fiduciary of any employee benefit plan, fund or program sponsored by the corporation or such other company, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, to the extent and under the circumstances permitted by the General Corporation Law of The State of Delaware as amended from time to time. Such indemnification (unless ordered by a court) shall be made as authorized in a specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standards of conduct set forth in the General Corporation Law of the State of Delaware. Such determination shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders. The foregoing right of indemnification shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

VOTED That it is advisable for this Corporation to amend its Restated Certificate of Incorporation by the proposed amendments described below and that this board recommends the adoption of such proposed amendments by vote of the Corporation at its Annual Meeting of Stockholders called for February 13, 1987:

- a. To delete paragraph (c) of Article EIGHTH and insert in its place the new paragraph (c) of Article EIGHTH as follows:

(c) By-laws may be made, altered, amended or repealed by (i) the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of the shares of the then outstanding shares of stock of all classes and series of this corporation entitled to vote generally in the election of directors voting together as a single class or (ii) a vote of the majority of the directors then in office at any annual, regular, or special stockholders or directors meeting, called for that purpose, the notice of which shall specify the subject matter of the proposed new by-law or the alteration, amendment, or repeal of an existing by-law, or the articles to be affected thereby. Any by-law whether made, altered, amended, or repealed by the stockholders or directors may be repealed, amended, further amended, or reinstated, as the case may be, by either the stockholders or the directors as aforesaid.

- b. To add a new paragraph (k) to Article EIGHTH of the Restated Certificate of Incorporation as follows:

(k) Any action required or permitted to be taken by the stockholders of the corporation must be taken at a duly called annual or special meeting of the stockholders of the corporation and may not be taken by any consent in writing by such stockholders.

- c. To delete the last paragraph of Article ELEVENTH commencing with the word "Notwithstanding" and insert the following in its place:

Notwithstanding any provision of law, this restated certificate of incorporation or the by-laws of this corporation (and notwithstanding the fact that a lesser percentage may be specified by law, this restated certificate of incorporation or the by-laws of this corporation), and in addition to any affirmative vote of the holders of any class of preferred stock of this corporation outstanding or any other class of capital stock of this corporation or any series of any of the foregoing then outstanding which is required by law or by or pursuant to this restated certificate of incorporation, the affirmative vote of the holders of seventy-five percent (75%) or more of the voting power of the shares of the then outstanding shares of stock of all classes and series of this corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend or repeal paragraph (a), (b), (c) or (k) of Article EIGHTH, Article TENTH or this Article ELEVENTH of this restated certificate of incorporation or to adopt any provision inconsistent therewith.

SECOND: That thereafter, pursuant to vote of its Board of Directors, the Annual Meeting of Stockholders of said Corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of the amendments.

THIRD: That said amendments were duly adopted in accordance with the applicable provision of Section 242 of the General Corporation Law of the State of Delaware.

FOURTH: That the capital of said Corporation shall not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, said CABOT CORPORATION has caused this certificate to be signed by Robert A. Charpie, its Chairman, and attested by Charles D. Gerlinger, its Assistant Secretary this 13th day of February, 1987.

ATTEST: CABOT CORPORATION

/s/ Charles D. Gerlinger

Assistant Secretary

By /s/ Robert A. Charpie

Chairman

CERTIFICATE OF DESIGNATIONS

SERIES B ESOP CONVERTIBLE PREFERRED STOCK

of

CABOT CORPORATION

Pursuant to Section 151 of the General
Corporation Law of the State of Delaware

I, Samuel W. Bodman, Chairman of the Board of the Cabot Corporation ("Company"), a corporation organized and existing under the General Corporation Law of the State of Delaware, in accordance with the provisions of Section 151 thereof, DO HEREBY CERTIFY that, pursuant to the authority conferred upon the Board of Directors by the Restated Certificate of Incorporation of the Company, as amended, the Board of Directors authorized the series of Preferred Stock hereinafter provided for and established the voting powers thereof and authorized an Executive Committee of the Board of Directors to adopt, and said Committee has adopted, the following resolution creating a series of 200,000 shares of Preferred Stock, \$1.00 par value, designated as Series B ESOP Convertible Preferred Stock:

VOTED: That, pursuant to the authority vested in the Board of Directors of the Company in accordance with the provisions of its Restated Certificate of Incorporation, as amended, and pursuant to the authority vested in the

Executive Committee by the Board of Directors a series of Preferred Stock of the Company be, and it hereby is, created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional or other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof, are as follows:

Section 1. Designation and Amount; Special Purpose

Restricted Transfer Issue.

(A) The shares of this series of Preferred Stock shall be designated as Series B ESOP Convertible Preferred Stock ("Series B Preferred Stock") and the number of shares constituting such series shall be 200,000.

(B) Shares of Series B Preferred Stock shall be issued only to a trustee or trustees (or to any successor trustee or trustees) acting on behalf of one or more employee stock ownership plans or other employee benefit plans of the Company (the "Trustee"). Certificates representing shares of Series B Preferred Stock shall be legended to reflect any restrictions on transfer imposed on such shares at the time of issuance. Notwithstanding the foregoing provisions of this paragraph (B) of Section 1, shares of Series B Preferred Stock (i) may be converted into shares of Common Stock as provided by Section 5 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder

thereof as permitted by law and (ii) shall be redeemable by the Company or by the holder upon the terms and conditions provided by Sections 6, 7 and 8 hereof.

Section 2. Dividends and Distributions.

(A) Subject to the provisions for adjustment hereinafter set forth, the holders of shares of Series B Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, cash dividends ("Preferred Dividends") in an amount per share equal to \$ 77.50 per share per annum, and no more, payable quarterly, in arrears, one-quarter on the last business day of each calendar quarter (each a "Dividend Payment Date") commencing on December 30, 1988, to holders of record at the start of business on such Dividend Payment Date. Preferred Dividends shall begin to accrue on outstanding shares of Series B Preferred Stock from the date of issuance of such shares of Series B Preferred Stock. Preferred Dividends shall accrue on a daily basis whether or not declared and whether or not the Company shall have earnings or surplus out of which such dividends could be paid at the time, and Preferred Dividends accrued on the shares of Series B Preferred Stock for any period less than a full quarterly period between Dividend Payment Dates shall be computed on the basis of a 360-day year of 30-day months. Accumulated but unpaid Preferred Dividends shall cumulate as

of the Dividend Payment Date on which they first became payable, but no interest shall accrue on accumulated but unpaid Preferred Dividends.

(B) So long as any Series B Preferred Stock shall be outstanding, no dividend shall be declared or paid or set apart for payment on any other series of stock ranking on a parity with the Series B Preferred Stock as to dividends, unless there shall also be or have been declared and paid or set apart for payment on the Series B Preferred Stock like dividends for all dividend payment periods of the Series B Preferred Stock ending on or before the dividend payment date of such parity stock, ratably in proportion to the respective amounts of dividends accumulated and unpaid through such dividend payment period on the Series B Preferred Stock and accumulated and unpaid or payable on such parity stock through the dividend payment period on such parity stock ending on such dividend payment date. In the event that full cumulative dividends on the Series B Preferred Stock have not been declared and paid or set apart for payment when due, the Company shall not declare or pay or set apart for payment any dividends or make any other distributions on, or make any payment on account of the purchase, redemption or other retirement of, any other class of stock or series thereof of the Company ranking, as to dividends or as to distributions in the event of a liquidation, dissolution or winding-up of

the Company, junior to the Series B Preferred Stock until full cumulative dividends on the Series B Preferred Stock shall have been declared and paid or declared and set aside for payment; PROVIDED, HOWEVER, that the foregoing shall not apply to (i) any dividend payable solely in any shares of any stock ranking, as to dividends or as to distributions in the event of a liquidation, dissolution or winding-up of the Company, junior to the Series B Preferred Stock, (ii) the purchase of shares of any stock ranking, as to dividends or as to distributions in the event of a liquidation, dissolution or winding-up of the Company, junior to the Series B Preferred Stock either (A) pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Company or any subsidiary of the Company heretofore or hereafter adopted or (B) in exchange solely for shares of any other stock ranking, as to dividends or as to distributions in the event of a liquidation, dissolution or winding up of the Company, junior to the Series B Preferred Stock, or (iii) any payment made in respect of the purchase or redemption of the Rights, as defined in paragraph (F) of Section 5 hereof, or any rights similar thereto.

SECTION 3. VOTING RIGHTS. The holders of shares of Series B Preferred Stock shall have the following voting rights:

(A) The holders of Series B Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock of the Company, voting together with the holders of Common Stock (and holders of any other class or series of stock which may similarly be entitled to vote with the shares of Common Stock) as one class. Each share of the Series B Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which such share of Series B Preferred Stock could be converted on the record date for determining the stockholders entitled to vote, rounded down to the nearest vote; it being understood that whenever the "Conversion Price" (as defined in Section 5 hereof) is adjusted as provided in Section 9 hereof, the voting rights of the Series B Preferred Stock shall also be similarly adjusted.

(B) Except as otherwise required by law or set forth herein, holders of Series B Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock and holders of any other class or series of stock which may similarly be entitled to vote with the shares of Common Stock) for the taking of any corporate action. Any increase or decrease in the authorized class of Preferred Stock (but not below the number of shares thereof then outstanding) shall not be deemed to alter or change the

powers, preferences, or special rights of the shares of Series B Preferred Stock so as to affect them adversely within the meaning of the General Corporation Law of the State of Delaware.

Section 4. Liquidation, Dissolution or Winding Up.

(A) Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of Series B Preferred Stock shall be entitled to receive out of the assets of the Company which remain after satisfaction in full of all valid claims of creditors of the Company and which are available for payment to stockholders and subject to the rights of the holders of any stock of the Company ranking senior to or on a parity with the Series B Preferred Stock in respect of distributions upon liquidation, dissolution or winding up of the Company, before any amount shall be paid or distributed among the holders of Common Stock or any other shares ranking junior to the Series B Preferred Stock in respect of distributions upon liquidation, dissolution or winding up of the Company, liquidating distributions in the amount of \$1,000 per share, plus an amount equal to all accumulated and unpaid dividends (including dividends declared and set aside) and accrued dividends thereon to the date fixed for distribution, and no more. If upon any liquidation, dissolution or winding up of the Company, the amounts payable with respect to the

Series B Preferred Stock and any other stock ranking as to any such distribution on a parity with the Series B Preferred Stock are not paid in full, the holders of the Series B Preferred Stock and such other stock shall share ratably in any distribution of assets in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount to which they are entitled as provided by the foregoing provisions of this paragraph 4(A), the holders of shares of Series B Preferred Stock shall not be entitled to any further right or claim to any of the remaining assets of the Company.

(B) Neither the merger or consolidation of the Company with or into any other corporation or other entity, nor the merger or consolidation of any other corporation or other entity with or into the Company, nor the sale, transfer or lease of all or any portion of the assets of the Company, shall be deemed to be a liquidation, dissolution or winding up of the Company for purposes of this Section 4, but the holders of Series B Preferred Stock shall nevertheless be entitled in the event of any such merger or consolidation to the rights provided by Section 8 hereof.

(C) Written notice of any voluntary or involuntary liquidation, dissolution or winding up of the Company, stating the payment date or dates when, and the place or places where, the amounts distributable to holders of Series

B Preferred Stock in such circumstances shall be payable, shall be given by first-class mail, postage prepaid, mailed not less than twenty (20) days prior to any payment date stated therein, to the holders of Series B Preferred Stock, at the address shown on the books of the Company or any transfer agent for the Series B Preferred Stock.

Section 5. Conversion into Common Stock.

(A) A holder of shares of Series B Preferred Stock shall be entitled, at any time prior to the close of business on the date fixed for redemption of such shares pursuant to Section 6, 7 or 8 hereof, to cause any or all of such shares to be converted into shares of Common Stock, initially at a conversion rate equal to the ratio of \$1,000 to the amount which initially shall be \$ 45.73 and which shall be adjusted as hereinafter provided (such amount, as so adjusted, is hereinafter sometimes referred to as the "Conversion Price") (that is, a conversion rate initially equivalent to 21.8675 shares of Common Stock for each share of Series B Preferred Stock so converted but that is subject to adjustment as the Conversion Price is adjusted as hereinafter provided).

(B) Any holder of shares of Series B Preferred Stock desiring to convert such shares into shares of Common Stock shall surrender the certificate or certificates representing the shares of Series B Preferred Stock being

converted, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto), at the principal executive office of the Company or the offices of the transfer agent for the Series B Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the Series B Preferred Stock by the Company or the transfer agent for the Series B Preferred Stock, accompanied by written notice of conversion, on any day which is a business day in the city of Boston, Massachusetts. Such notice of conversion shall specify (i) the number of shares of Series B Preferred Stock to be converted and the name or names in which such holder wishes the certificate or certificates for Common Stock to be issued and for any shares of Series B Preferred Stock not to be so converted to be issued (subject to compliance with applicable legal requirements if any of said certificates are to be issued in a name other than the name of the holder), and (ii) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion.

(C) Upon surrender of a certificate representing a share or shares of Series B Preferred Stock for conversion, the Company shall, as promptly as practicable after such surrender, issue and send by hand delivery (with receipt to

be acknowledged) or by first class mail, postage prepaid, to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. In the event that there shall have been surrendered a certificate or certificates representing shares of Series B Preferred Stock, only part of which are to be converted, the Company shall issue and deliver to such holder or such holder's designee a new certificate or certificates representing the number of shares of Series B Preferred Stock which shall not have been converted.

(D) A conversion of shares of Series B Preferred Stock into shares of Common Stock made at the option of the holder thereof shall be effective as of the close of business on the day on which the Company receives written notice of conversion pursuant to paragraph (B) of this Section 5. On and after the effective day of conversion, the shares of Series B Preferred so converted shall no longer be deemed to be outstanding for any purpose, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock of record on any date

prior to such effective date. The Company shall not be obligated to pay any dividends which shall have been declared and shall be payable to holders of shares of Series B Preferred Stock on a Dividend Payment Date if such Dividend Payment Date for such dividend shall be on or subsequent to the effective date of conversion of such shares, unless such declared dividends have been set aside for payment prior to the effective date of conversion of such shares, which dividends shall be paid on the effective date of conversion.

(E) The Company shall not be obligated to deliver to holders of Series B Preferred Stock any fractional shares of Common Stock issuable upon any conversion of such shares of Series B Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law. Such cash payment shall be in an amount equal to such fraction multiplied by the Fair Market Value per share of the Common Stock (as defined in Section 9 hereof) at the close of business on the day of conversion.

(F) Prior to the Distribution Date (as defined in Section 3(a) of the Rights Agreement (defined below), if the Company shall issue shares of Common Stock upon conversion of shares of Series B Preferred Stock as contemplated by this Section 5, the Company shall issue together with each such share of Common Stock one right (a "Right", and collectively the "Rights") to purchase Series A Junior Participating Preferred Stock of the Company (or

other securities in lieu thereof) pursuant to the Rights Agreement dated as of November 14, 1986, and amended and restated as of August 12, 1988, between the Company and The First National Bank of Boston, as Rights Agent, as such agreement may from time to time be amended (the "Rights Agreement"), or any rights issued to holders of Common Stock of the Company in addition thereto or in replacement therefor.

(G) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of Series B Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of Series B Preferred Stock then outstanding. Notwithstanding the foregoing, the Company shall be entitled to deliver upon conversion of shares of Series B Preferred Stock, as herein provided, shares of Common Stock reacquired and held in the treasury of the Company (in lieu of the issuance of authorized and unissued shares of Common Stock), so long as any such treasury shares are free and clear of all liens, charges, security interests or encumbrances. The Company shall prepare and shall use its best efforts to obtain and keep in force such governmental or regulatory permits or other authorizations as may be required by law,

and shall comply with all requirements as to registration or qualification of the Common Stock (and all requirements to list the Common Stock which are at the time applicable) as shall from time to time be sufficient to effect the conversion of all shares of Series B Preferred Stock then outstanding and convertible into shares of Common Stock.

Section 6. Redemption At the Option of the Company.

(A) The Series B Preferred Stock shall be redeemable, in whole or in part, at the option of the Company at any time after November 18, 1991, or on or before November 18, 1991 if permitted by paragraph (C) or (D) of this Section 6, at the following redemption prices per share (or, if pursuant to paragraph (C) of this Section 6, at the redemption price set forth therein):

DURING THE TWELVE- MONTH PERIOD BEGINNING NOVEMBER 19 -----	PRICE PER SHARE -----
1988	\$1077.50
1989	\$1069.75
1990	\$1062.00
1991	\$1054.25
1992	\$1046.50
1993	\$1038.75
1994	\$1031.00
1995	\$1023.25
1996	\$1015.50
1997	\$1007.75

and thereafter at \$1,000 per share, plus, in each case, an amount equal to all accumulated and unpaid dividends and accrued dividends thereon to the date fixed for redemption.

Payment of the redemption price shall be made by the Company in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (E) of this Section 6. From and after the close of business on the date fixed for redemption, dividends on shares of Series B Preferred Stock called for redemption will cease to accrue, such shares will no longer be deemed to be outstanding and all rights in respect of such shares of the Company shall cease, except the right to receive the redemption price, provided that shares of Series B Preferred Stock may be converted pursuant to Section 5 hereof at any time prior to the close of business on the date fixed for redemption of such shares pursuant to Sections 6, 7 or 8 hereof. If less than all of the outstanding shares of Series B Preferred Stock are to be redeemed, the Company shall either redeem a portion of the shares of each holder determined pro rata based on the number of shares held by each holder or shall select the shares to be redeemed by lot or by any other manner deemed equitable, as may be determined by the Board of Directors of the Company.

(B) Unless otherwise required by law, notice of redemption with respect to a redemption under this Section 6 (but not Section 7 or 8) will be sent to the holders of Series B Preferred Stock at the address shown on the books of the Company or any transfer agent for the Series B Preferred Stock by first class mail, postage prepaid, mailed not less than twenty (20) days nor more than sixty (60) days prior to the redemption date.

Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the Series B Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vi) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised, and the Conversion Price and number of shares of Common Stock issuable upon conversion of a share of Series B Preferred Stock at the time. Upon surrender of the certificates for any shares called for redemption pursuant to the provisions of this Section 6 or the provisions of Sections 7 or 8 hereof, which shares have not previously been converted (properly endorsed or assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state), such shares shall be redeemed by the Company at the date fixed for redemption and at the applicable redemption price set forth in this Section 6 or in Sections 7 or 8 hereof.

(C) In the event (i) of a change in the federal tax law of the United States of America which has the effect of precluding the Company from claiming any of the tax deductions

for dividends paid on the Series B Preferred Stock when such dividends are used as provided under Section 404(k)(2) of the Internal Revenue Code of 1986, as amended and in effect on the date shares of Series B Preferred Stock are initially issued, (ii) that shares of Series B Preferred Stock are held by an employee benefit plan intended to qualify as an employee stock ownership plan within the meaning of Section 4975 of the Internal Revenue Code of 1986, as amended, and such plan does not so qualify, or (iii) that the Company, in good faith after consultation with counsel to the Company, determines that the voting provisions contained herein are not in compliance with Rule 19c-4 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Company may, in its sole discretion and notwithstanding anything to the contrary in paragraph (A) of this Section 6, elect to redeem such shares at a redemption price equal to the amount payable in respect of the shares upon liquidation of the Company pursuant to Section 4 hereof (including the amount equal to all accumulated and unpaid dividends and accrued dividends thereon to the date fixed for redemption, as provided by Section 4 hereof).

(D) Notwithstanding anything to the contrary in paragraph (A) of this Section 6, the Company may, in its sole discretion, elect to redeem any or all of the shares of

Series B Preferred Stock at any time on or prior to November 18, 1991 on the terms and conditions set forth in paragraphs (A) and (B) of this Section 6, if the last reported sales price, regular way, of a share of Common Stock, as reported on the New York Stock Exchange Composite Tape or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which such stock is listed or admitted to trading or, if the Common Stock is not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices in over-the-counter market as reported by NASDAQ, for at least twenty (20) trading days within a period of thirty (30) consecutive trading days ending within five (5) days of the notice of redemption, equals or exceeds one hundred forty percent (140%) of the Conversion Price (giving effect equitably in making such calculation to any adjustments required by Section 9 hereof).

(E) The Company, at its option, may make payment of the redemption price required upon redemption of shares of Series B Preferred Stock in cash or in shares of Common Stock (or fractional shares thereof), or in a combination of such

shares and cash, any such shares to be valued for such purpose at their Fair Market Value (as defined in paragraph G of Section 9 hereof, provided, however, that in calculating their Fair Market Value the Adjustment Period shall be deemed to be the five (5) consecutive trading days preceding, and including, the date of redemption), except that any payment required to be made under paragraph (C) of Section 8 shall be made in cash.

Section 7. Other Redemption Rights.

(A) Shares of Series B Preferred Stock shall be redeemed by the Company for cash or, if the Company so elects, in shares of Common Stock (or fractional shares thereof), or a combination of such shares and cash, any such shares of Common Stock to be valued for such purpose at their Fair Market Value (as defined in paragraph (G) of Section 9 hereof, provided, however, that in calculating their Fair Market Value the Adjustment Period shall be deemed to be the five (5) consecutive trading days preceding, and including, the date of redemption), at the redemption prices per share set forth in paragraph (B) of this Section 7, at the option of the holder, at any time and from time to time upon notice to the Company given not less than five (5) business days prior to the date fixed by the holder in such notice for such redemption, when and to the extent necessary (i) for such holder to provide for distributions required to be made

under, or to satisfy an investment election provided to participants in accordance with, the Cabot Corporation Employee Stock Ownership Plan and Trust Agreement, dated as of November 16, 1988, as the same may be amended or any successor plan (the "Plan"), or (ii) for such holder to make payment of principal, interest or premium due and payable (whether as scheduled or upon acceleration) (a) on the \$75,000,000 aggregate principal amount of ESOP Notes Due December 31, 2013 of the trust under the Plan (but only if to remedy or prevent a default under such ESOP Notes or related loan documentation, in each case as amended), or (b) on any other indebtedness incurred by the holder for the benefit of the Plan (but only if to remedy or prevent a default thereunder).

(B) For the purposes of clause (i) of paragraph (A) of this Section 7, the redemption price of a share of Series B Preferred Stock shall be an amount equal to the Fair Market Value (as defined in paragraph G of Section 9 hereof) of such share of Series B Preferred Stock. For the purposes of clause (ii) of paragraph (A) of this Section 7, the redemption price of a share of Series B Preferred Stock shall be equal to the amount payable in respect of such share upon liquidation of the Company pursuant to Section 4 hereof (including the amount equal to all accumulated and unpaid dividends and accrued dividends thereon to the date fixed for redemption as provided by Section 4 hereof).

Section 8. Consolidation, Merger, etc.

(A) In the event that the Company shall consummate any consolidation or merger or similar transaction, however named, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting company (including the Company) that constitutes "qualifying employer securities" with respect to a holder of Series B Preferred Stock within the meaning of Section 409(e) of the Internal Revenue Code of 1986, as amended, and Section 407(c)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of Series B Preferred Stock of such holder shall be assumed by and shall become preferred stock of such successor or resulting company, having in respect of such company insofar as possible the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 6, 7 and 8 hereof), and the qualifications, limitations or restrictions thereon, that the Series B Preferred Stock had immediately prior to such transaction, except that after such transaction each share of the Series B Preferred Stock shall be convertible, otherwise on the terms and conditions provided

by Section 5 hereof, into the qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of Series B Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election to receive any kind or amount of stock, securities, cash or other property (other than such qualifying employer securities and a cash payment, if applicable, in lieu of fractional shares) receivable upon such transaction (provided that, if the kind or amount of qualifying employer securities receivable upon such transaction is not the same for each non-electing share, then the kind and amount of qualifying employer securities receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares). The rights of the Series B Preferred Stock as preferred stock of such successor or resulting company shall successively be subject to adjustments pursuant to Section 9 hereof after any such transaction as nearly equivalent as practicable to the adjustments provided for by such section prior to such transaction. The Company shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of the Series B Preferred Stock shall be

assumed and authorized by the successor or resulting company as aforesaid.

(B) In the event that the Company shall consummate any consolidation or merger or similar transaction, however named, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph (A) of this Section 8) and cash payments, if applicable, in lieu of fractional shares, each outstanding share of Series B Preferred Stock shall, without any action on the part of the Company or any holder thereof (but subject to paragraph (C) of this Section 8), be deemed converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such share of Series B Preferred Stock could have been converted at such time and each share of Series B Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such share of Series B

Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction (provided that, if the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares).

(C) In the event the Company shall enter into any agreement providing for any consolidation or merger or similar transaction described in paragraph (B) of this Section 8, then the Company shall as soon as practicable thereafter (and in any event at least ten (10) business days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of Series B Preferred Stock and each such holder shall have the right to elect, by written notice to the Company, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Company or the successor of the Company, in lieu of what would otherwise be the result under paragraph (B) of this Section 8 (and in redemption and retirement of such share of Series B Preferred

Stock, but without any premium), a cash payment equal to the amount payable in respect of such share of Series B Preferred Stock upon liquidation of the Company pursuant to Section 4 hereof, (including an amount equal to all accumulated and unpaid dividends and accrued dividends thereon to the date fixed for redemption as provided by Section 4 hereof). No such notice of redemption shall be effective unless given to the Company prior to the close of business on the fifth business day prior to consummation of such transaction, unless the Company or the successor of the Company shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Company prior to the close of business on the fifth business day prior to consummation of such transaction.

Section 9. Anti-dilution Adjustments.

(A) In the event the Company shall, at any time or from time to time while any of the shares of Series B Preferred Stock are outstanding, (i) pay a dividend or make a distribution in respect of the Common Stock, to the extent that such dividend or distribution consists of shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, in each case whether by reclassification of shares, recapitalization of the

Company (excluding a recapitalization effected by a merger or consolidation to which Section 8 hereof applies) or otherwise, the Conversion Price in effect immediately prior to such action shall be adjusted by multiplying such Conversion Price by the fraction the numerator of which is the number of shares of Common Stock outstanding immediately before such event and the denominator of which is the number of shares of Common Stock outstanding immediately after such event. An adjustment made pursuant to this paragraph 9(A) shall be given effect, upon payment of such a dividend or distribution, as of the record date for the determination of shareholders entitled to receive such dividend or distribution (on a retroactive basis) and in the case of a subdivision or combination shall become effective immediately as of the effective date thereof.

(B) In the event that the Company shall, at any time or from time to time while any of the shares of Series B Preferred Stock are outstanding, issue to holders of shares of Common Stock as a dividend or distribution, including by way of a reclassification of shares or a recapitalization of the Company, rights or warrants to purchase shares of Common Stock (but not including as such rights or warrants the Rights (as defined in Section 5 hereof) or any securities convertible into or exchangeable for shares of Common Stock) at a purchase price per share less than the Fair Market Value

(as hereinafter defined) of a share of Common Stock on the date of issuance of such rights or warrants, to the extent that such dividend or distribution consists of such rights or warrants, then, subject to the provisions of paragraphs (E) and (F) of this Section 9, the Conversion Price shall be adjusted by multiplying such Conversion Price by the fraction the numerator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the number of shares of Common Stock which could be purchased at the Fair Market Value of a share of Common Stock at the time of such issuance for the maximum aggregate consideration payable upon exercise in full of all such rights or warrants and the denominator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the maximum number of shares of Common Stock that could be acquired upon the exercise in full of all such rights and warrants.

(C) In the event the Company shall, at any time or from time to time while any of the shares of Series B Preferred Stock are outstanding, make an Extraordinary Distribution (as hereinafter defined) in respect of the Common Stock, whether by dividend, distribution, reclassification of shares or recapitalization of the Company (excluding a recapitalization or reclassification effected by a merger or consolidation to which Section 8 hereof applies)

or effect a Pro Rata Repurchase (as hereinafter defined) of Common Stock where the aggregate amount paid in the Extraordinary Distribution or the aggregate premium paid in the Pro Rata Repurchase over the Fair Market Value of the shares of Common Stock repurchased (as determined on the expiration date (including all extensions thereof) of the applicable tender offer or exchange offer), either alone or when combined with aggregate amounts or premiums paid in respect of any other Extraordinary Distributions or Pro Rata Repurchases effected within the preceding twelve-month period (which other Extraordinary Distributions or Pro Rata Repurchases have not been previously taken into account for the purpose of adjusting the Conversion Price pursuant to this paragraph (C) of Section 9) exceeds twelve and one-half percent (12 - 1/2%) of the aggregate Fair Market Value of all shares of Common Stock outstanding on the record date in respect of such Extraordinary Distribution or on the expiration date (including all extensions thereof) of the applicable tender offer or exchange offer in respect of such Pro Rata Repurchase, as the case may be, the Conversion Price in effect immediately prior to such Extraordinary Distribution or Pro Rata Repurchase shall, subject to paragraphs (E) and (F) of this Section 9, be adjusted by multiplying such Conversion Price by the fraction the numerator of which is (i) the product of (x) the number of

shares of Common Stock outstanding immediately before such Extraordinary Distribution or Pro Rata Repurchase multiplied by (y) the Fair Market Value of a share of Common Stock on the record date with respect to an Extraordinary Distribution, or on the expiration date (including all extensions thereof) of the applicable tender offer or exchange offer with respect to a Pro Rata Repurchase minus (ii) the Fair Market Value of the Extraordinary Distribution or the aggregate purchase price of the Pro Rata Repurchase, as the case may be, and the denominator of which shall be the product of (A) the number of shares of Common Stock outstanding immediately before such Extraordinary Distribution or Pro Rata Repurchase minus, in the case of a Pro Rata Repurchase, the number of shares of Common Stock repurchased by the Company multiplied by (B) the Fair Market Value of a share of Common Stock on the record date with respect to an Extraordinary Distribution or on the expiration date (including all extensions thereof) of the applicable tender offer or exchange offer. The Company shall send each holder of Series B Preferred Stock (i) notice of its intent to make any Extraordinary Distribution and (ii) notice of any offer by the Company to make a Pro Rata Repurchase, in each case at the same time as, or as soon as practicable after, such offer is first communicated (including by announcement of a record date in accordance with the rules of any stock

exchange on which the Common Stock is listed or admitted to trading) to holders of Common Stock. Such notice shall indicate the intended record date and the amount and nature of such Extraordinary Distribution, or the number of shares subject to such offer for a Pro Rata Repurchase and the purchase price payable by the Company pursuant to such offer, as well as the Conversion Price and the number of shares of Common Stock into which a share of Series B Preferred Stock may be converted at such time.

(D) In the event the Company shall, at any time or from time to time while any of the shares of Series B Preferred Stock are outstanding, issue, sell or exchange shares of Common Stock (other than pursuant to any employee or director incentive or benefit plan or arrangement, including any employment, severance or consulting agreement, of the Company or any subsidiary of the Company heretofore or hereafter adopted) for a consideration having a Fair Market Value on the date of such issuance, sale or exchange of fifty percent (50%) or less of the Fair Market Value of such shares on the date of such issuance, sale or exchange, then, subject to the provisions of paragraphs (E) and (F) of this Section 9, the Conversion Price shall be adjusted by multiplying such Conversion Price by the fraction the numerator of which shall be the sum of (i) the Fair Market Value of all the shares of Common Stock outstanding on the day immediately preceding

such issuance, sale or exchange plus (ii) the Fair Market Value of the consideration received by the Company in respect of such issuance, sale or exchange of shares of Common Stock, and the denominator of which shall be the product of (i) the Fair Market Value of a share of Common Stock on the day immediately preceding such issuance, sale or exchange multiplied by (ii) the sum of the number of shares of Common Stock outstanding on such day plus the number of shares of Common Stock so issued, sold or exchanged by the Company.

(E) Notwithstanding any other provisions of this Section 9, the Company shall not be required to make immediately any adjustment of the Conversion Price unless such adjustment would require an increase or decrease of at least one percent (1%) in the Conversion Price. Any lesser adjustment shall be carried forward and shall be made no later than the earlier of (i) three years after the event which gives rise to such adjustment and (ii) the time of the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to an increase or decrease of at least one percent (1%) in the Conversion Price.

(F) If the Company shall make any dividend or distribution on the Common Stock or issue any Common Stock, other capital stock or other security convertible into or exchangeable for capital stock of the Company or any rights

or warrants to purchase or acquire any such security, which transaction does not result in an adjustment to the Conversion Price pursuant to the foregoing provisions of this Section 9, the Board of Directors of the Company may consider, but shall be under no legal obligation to consider, whether such action is of such a nature that an adjustment to the Conversion Price should equitably be made in respect of such transaction. If in such case the Board of Directors of the Company determines that an adjustment to the Conversion Price should be made, an adjustment shall be made effective as of such date, as determined by the Board of Directors of the Company. The determination of the Board of Directors of the Company as to whether an adjustment to the Conversion Price should be made pursuant to the foregoing provisions of this paragraph 9(F), and, if so, as to what adjustment should be made and when, shall be final and binding on the Company and all stockholders of the Company. Without limiting the foregoing, the Company shall be entitled to make such additional adjustments in the Conversion Price, in addition to those required by the foregoing provisions of this Section 9, as shall be necessary in order that any dividend or distribution in shares of capital stock of the Company, subdivision, reclassification or combination of shares of stock of the Company or any recapitalization of the Company

or other event shall not be taxable to holders of the Common Stock.

(G) For purposes of this Resolution, the following definitions shall apply:

"Extraordinary Distribution" shall mean any dividend or other distribution (i) of cash, including for this purpose regular quarterly cash dividends declared and paid by the Company, and (ii) of any shares of capital stock of the Company (other than shares of Common Stock referred to in clause (i) of paragraph (A) of this Section 9), other securities of the Company (other than rights or warrants of the type referred to in paragraph (B) of this Section 9), evidence of indebtedness of the Company or any other person or any other property (including shares of any subsidiary of the Company), or any combination thereof, each as valued at Fair Market Value.

"Fair Market Value" shall mean (a) as to cash, the amount of cash, and (b) as to shares of Common Stock or any other class of capital stock or securities of the Company or any other issuer which are publicly traded, the average of the Current Market Prices (as hereinafter defined) of such shares or securities for each day of the Adjustment Period (as hereinafter defined). "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for a day shall mean the last reported sales price, regular way,

or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange Composite Tape or, if such security is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which such security is listed or admitted to trading, or if not listed or admitted to trading on any national securities exchange, on the NASDAQ National Market System or, if such security is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for such security on such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in such security selected for such purpose by the Board of Directors of the Company or a committee thereof on each trading day during the Adjustment Period. "Adjustment Period" shall mean the period of five (5) consecutive trading days, selected by the Board of Directors of the Company or a committee thereof, during the 20 trading days preceding, and including, the date as of which the Fair Market Value of a security is to be determined. The "Fair Market Value" of any security which is not publicly traded or of any other property shall mean the

fair value thereof as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board of Directors of the Company or a committee thereof, or, if no such investment banking or appraisal firm is in the good faith judgment of the Board of Directors or such committee available to make such determination, as determined in good faith by the Board of Directors of the Company or such committee.

"Pro Rata Repurchase" shall mean any purchase of shares of Common Stock by the Company or any subsidiary thereof, whether for cash, shares of capital stock of the Company, other securities of the Company, evidences of indebtedness of the Company or any other person or any other property (including shares of a subsidiary of the Company), or any combination thereof, pursuant to any tender offer or exchange offer subject to Section 13(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor provision of law.

(H) Whenever an adjustment to the Conversion Price and the related voting rights of the Series B Preferred Stock is required pursuant to this Resolution, the Company shall forthwith place on file with the transfer agent for the Common Stock and the Series B Preferred Stock if there be one, and with the Secretary of the Company, a statement

signed by two officers of the Company stating the adjusted Conversion Price determined as provided herein and the resulting conversion ratio, and the voting rights (as appropriately adjusted), of the Series B Preferred Stock. Such statement shall set forth in reasonable detail such facts as shall be necessary to show the reason and the manner of computing such adjustment, including any determination of Fair Market Value involved in such computation. Promptly after each adjustment to the Conversion Price and the related voting rights of the Series B Preferred Stock, the Company shall mail a notice thereof and of the then prevailing conversion ratio to each holder of shares of Series B Preferred Stock.

Section 10. Ranking; Retirement of Shares.

(A) The Series B Preferred Stock shall rank senior to the Series A Junior Participating Preferred Stock and the Common Stock as to the payment of dividends and the distribution of assets on liquidation, dissolution and winding-up of the Company, and, unless otherwise provided in the Restated Certificate of Incorporation of the Company, as amended, or a Certificate of Designations relating to a subsequent series of Preferred Stock, \$1.00 par value, of the Company, the Series B Preferred Stock shall rank junior to all other series of the Company's Preferred Stock, \$1.00 par

value, as to the payment of dividends and the distribution of assets on liquidation, dissolution or winding-up.

(B) Any shares of Series B Preferred Stock acquired by the Company by reason of the conversion or redemption of such shares as provided by this Resolution, or otherwise so acquired, shall be retired as shares of Series B Preferred Stock and restored to the status of authorized but unissued shares of Preferred Stock, \$1.00 par value, of the Company, undesignated as to series, and may thereafter be reissued as part of a new series of such Preferred Stock as permitted by law.

Section 11. Miscellaneous.

(A) All notices referred to herein shall be in writing, and all notices hereunder shall be deemed to have been given upon the earlier of receipt thereof or three (3) business days after the mailing thereof if sent by registered mail (unless first-class mail shall be specifically permitted for such notice under the terms of this Resolution) with postage prepaid, addressed: (i) if to the Company, to its office at 950 Winter Street, Waltham, Massachusetts 02254 or to the transfer agent for the Series B Preferred Stock, or other agent of the Company designated as permitted by this Resolution, or (ii) if to any holder of the Series B Preferred Stock or Common Stock, as the case may be, to such holder at the address of such holder as listed in the stock

record books of the Company (which may include the records of any transfer agent for the Series B Preferred Stock or Common Stock, as the case may be) or (iii) to such other address as the Company or any such holder, as the case may be, shall have designated by notice similarly given.

(B) The term "Common Stock" as used in this Resolution means the Company's Common Stock of \$1.00 par value, as the same exists at the date of filing of a Certificate of Designations relating to Series B Preferred Stock or any other class of stock resulting from successive changes or reclassifications of such Common Stock consisting solely of changes in par value, or from par value to no par value, or from no par value to par value. In the event that, at any time as a result of an adjustment made pursuant to Section 9 of this Resolution, the holder of any share of Series B Preferred Stock upon thereafter surrendering such shares for conversion shall become entitled to receive any shares or other securities of the Company other than shares of Common Stock, the Conversion Price in respect of such other shares or securities so receivable upon conversion of shares of Series B Preferred Stock shall thereafter be adjusted, and shall be subject to further adjustment from time to time, in a manner and on terms as nearly equivalent as practicable to the provisions with respect to Common Stock contained in Section 9 hereof, and the provisions of Sections

1 through 8 and 10 and 11 of this Resolution with respect to the Common Stock shall apply on like or similar terms to any such other shares or securities.

(C) The Company shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of any issuance or delivery of shares of Series B Preferred Stock or shares of Common Stock or other securities issued on account of Series B Preferred Stock pursuant hereto or certificates representing such shares or securities. The Company shall not, however, be required to pay any such tax which may be payable in respect of any transfer involved in the issuance or delivery of shares of Series B Preferred Stock or Common Stock or other securities in a name other than that in which the shares of Series B Preferred Stock with respect to which such shares or other securities are issued or delivered were registered, or in respect of any payment to any person with respect to any such shares or securities other than a payment to the registered holder thereof, and shall not be required to make any such issuance, delivery or payment unless and until the person otherwise entitled to such issuance, delivery or payment has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid or is not payable.

(D) In the event that a holder of shares of Series B Preferred Stock shall not by written notice designate the name in which shares of Common Stock to be issued upon conversion of such shares should be registered or to whom payment upon redemption of shares of Series B Preferred Stock should be made or the address to which the certificate or certificates representing such shares, or such payment, should be sent, the Company shall be entitled to register such shares, and make such payment, in the name of the holder of such Series B Preferred Stock as shown on the records of the Company and to send the certificate or certificates representing such shares, or such payment, to the address of such holder shown on the records of the Company.

(E) Unless otherwise provided in the Restated Certificate of Incorporation, as amended, of the Company, all payments in the form of dividends, distributions on voluntary or involuntary dissolution, liquidation or winding-up or otherwise made upon the shares of Series B Preferred Stock and any other stock ranking on a parity with the Series B Preferred Stock with respect to such dividends or distributions shall be made pro rata, so that amounts paid per share on the Series B Preferred Stock and such other stock shall in all cases bear to each other the same ratio that the required dividends, distributions or payments, as the case may be, then payable per share on the shares of the

Series B Preferred Stock and such other stock bear to each other.

(F) The Company may appoint, and from time to time discharge and change, a transfer agent for the Series B Preferred Stock. Upon any such appointment or discharge of a transfer agent, the Company shall send notice thereof by first-class mail, postage prepaid, to each holder of record of Series B Preferred Stock.

IN WITNESS WHEREOF, I have executed and subscribed this Certificate of Designations and do affirm the foregoing as true under the penalties of perjury this 17th day of November, 1988.

/s/ Samuel W. Bodman

Samuel W. Bodman
Chairman of the Board

ATTEST:

/s/ Charles Gerlinger

Charles Gerlinger
Secretary

AMENDED CERTIFICATE OF DESIGNATION, PREFERENCES AND
RIGHTS OF SERIES A JUNIOR PARTICIPATING
PREFERRED STOCK OF CABOT CORPORATION

(Pursuant to Section 151
of the General Corporation Law of the State of Delaware)

We, Kennett F. Burnes, President, and Charles D. Gerlinger, Secretary of Cabot Corporation (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, in accordance with the provisions of Section 103 thereof, DO HEREBY CERTIFY as follows:

That pursuant to the authority conferred upon the Board of Directors by the Certificate of Incorporation of the said Corporation, said Board of Directors on November 10, 1995, voted to create a series of 1,000,000 shares of Preferred Stock designated as Series A Junior Participating Preferred Stock:

VOTED, that pursuant to the authority granted to and vested in the Board of Directors of this Corporation in accordance with the provisions of the Corporation's Certificate of Incorporation and Section 151(g) of the General Corporation Law of the State of Delaware, the Board of Directors hereby approves and adopts an amendment to the Certificate of Designation, Preferences and Rights of the Series A Junior Participating Preferred Stock of Cabot Corporation, which Certificate is hereby amended in its entirety, and hereby states the designation and number of shares, and fixes the relative rights, preferences and limitations thereof (in addition to the provisions set forth in the Corporation's Certificate of Incorporation which are applicable to the Preferred Stock of all classes and series) as follows:

Section 1. Designation and Amount. There shall be a series of Preferred Stock, par value \$1.00 per share, of the Corporation which shall be designated as "Series A Junior Participating Preferred Stock," par value \$1.00 per share, and the number of shares constituting such series shall be 1,000,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series A Junior Participating Preferred Stock to a number less than that of the shares then outstanding plus the number of shares issuable upon exercise of outstanding rights, options or warrants or upon conversion of outstanding securities issued by the Corporation.

Section 2. Dividends and Distributions.

(A) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the Series A Junior Participating Preferred Stock with respect to dividends, the holders of shares of Series A

Junior Participating Preferred Stock in preference to the holders of shares of Common Stock, par value \$1.00 per share (the "Common Stock"), of the Corporation and any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the last day of each fiscal quarter of the Corporation in each year or such other dates as the Board of Directors of the Corporation shall approve (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Junior Participating Preferred Stock in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$18.00 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Junior Participating Preferred Stock. In the event the Corporation shall at any time after November 24, 1995 (the "Rights Declaration Date") (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide (by a stock split or otherwise) the outstanding Common Stock, or (iii) combine (by a reverse stock split or otherwise) the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Junior Participating Preferred Stock as provided in paragraph (A) above at the time it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$18.00 per share on the Series A Junior Participating Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) So long as any shares of the Series A Junior Participating Preferred Stock are outstanding, no dividends or other distributions shall be declared, paid or distributed, or set aside for payment or distribution, on the Common Stock unless, in each

case, the dividend required by this Section 2 to be declared on the Series A Junior Participating Preferred Stock shall have been declared.

(D) The holders of the shares of the Series A Junior Participating Preferred Stock shall not be entitled to receive any dividends or other distributions except as provided herein.

(E) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Junior Participating Preferred Stock unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Junior Participating Preferred Stock in an amount less than the total of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Junior Participating Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Junior Participating Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide (by a stock split or otherwise) the outstanding Common Stock, or (iii) combine (by a reverse stock split or otherwise) the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein or by law, the holders of shares of Series A Junior Participating Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) (i) If at any time dividends on any Series A Junior Participating Preferred Stock shall be in arrears in an amount equal to at least six (6) full quarterly dividends (whether or not declared and whether or not consecutive) thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series A Junior Participating Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Preferred Stock (including holders of the Series A Junior Participating Preferred Stock) with dividends in arrears in an amount equal to at least six (6) full quarterly dividends (whether or not declared and whether or not consecutive) thereon, voting as a class, irrespective of series, shall have the right to elect two (2) Directors.

(ii) During any default period, such voting right of the holders of Series A Junior Participating Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (iii) of this Section 3(C) or at any annual meeting of stockholders, and thereafter at annual meetings of stockholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of one-third (1/3) in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Preferred Stock of such voting right. At any meeting at which the holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect Directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two (2) Directors or, if such right is exercised at an annual meeting, to elect two (2) Directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number of directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Junior Participating Preferred Stock.

(iii) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect Directors, the Board of Directors may order, or any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of Preferred Stock outstanding, irrespective of series, may request, the calling of a special meeting of the holders of Preferred Stock, which meeting shall thereupon be called by the Chairman of the Board or the President of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this paragraph (C)(iii) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than 10 days and not later than 60 days after such order or request or in default of the calling of such meeting within 60 days after such order or request, such meeting may be called on similar notice by any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding. Notwithstanding the provisions of this paragraph (C)(iii), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of the stockholders.

(iv) In any default period, the holders of Common Stock, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of Directors until the holders of Preferred Stock shall have exercised their right to elect two (2) Directors voting as a class, after the exercise of which right (x) the Directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in paragraph (C)(ii) of this Section 3) be filled by a vote of a majority of the remaining Directors theretofore elected by the holders of the class of stock which elected the Director whose office shall become vacant. References in this paragraph (C) to Directors elected by the holders of a particular class of stock shall include Directors elected by such Directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(v) Immediately upon the expiration of a default period, (x) the right of the holders of Preferred Stock as a class to elect Directors shall cease, (y) the term of any Directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of Directors shall be such number as may be provided for in the Certificate of Incorporation or By-laws irrespective of any increase made pursuant to the provisions of paragraph (C)(ii) of this Section 3 (such number being subject, however, to change thereafter in any manner provided by law or in the Certificate of Incorporation or By-laws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining Directors.

(D) Except as set forth herein, holders of Series A Junior Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Junior Participating Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Junior Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) Declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock;

(ii) Declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock except dividends paid ratably on the Series A Junior Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) Redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Junior Participating Preferred Stock; or

(iv) Purchase or otherwise acquire for consideration any shares of Series A Junior Participating Preferred Stock or any shares of stock ranking on a parity with the Series A Junior Participating Junior Preferred Stock except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Junior Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

Section 6. Liquidation, Dissolution or Winding Up.

(A) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Junior Participating Preferred Stock shall have received per share, the amount of \$18.00, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series A Liquidation Preference"). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Series A Liquidation Preference by (ii) 100 (as appropriately adjusted as set forth in paragraph (C) below to reflect such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii), the "Adjustment Number"). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Junior Participating Preferred Stock and Common Stock, respectively, holders of Series A Junior Participating Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to such Preferred Stock and Common Stock, on a per share basis, respectively.

(B) In the event there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, which rank on a parity with the Series A Junior Participating Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences.

In the event there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(C) In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. If the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such event the shares of Series A Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to the Adjustment Number times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged.

Section 8. No Redemption. The shares of Series A Junior Participating Preferred Stock shall not be redeemable.

Section 9. Ranking. The Series A Junior Participating Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

Section 10. Fractional Shares. Series A Junior Participating Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Junior Participating Preferred Stock.

Section 11. Amendment. The Certificate of Incorporation of the Corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders

of a majority or more of the outstanding shares of Series A Junior Participating Preferred Stock, voting separately as a class.

Section 12. Effective Date. This Amended Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock of Cabot Corporation shall be effective at 5:00 P.M., Eastern Standard Time, on November 24, 1995.

IN WITNESS WHEREOF, I have executed and subscribed this Certificate and do affirm the foregoing as true under penalties of perjury this 10th day of November, 1995.

By: /s/ Kennett F. Burnes

Kennett F. Burnes
President

Attest:

/s/ Charles D. Gerlinger

Charles D. Gerlinger
Secretary

AMENDMENT NO. 1 TO CREDIT AGREEMENT

AMENDMENT dated as of January 13, 1995 among CABOT CORPORATION (the "Borrower"), the BANKS listed on the signature pages hereof (the "Banks") and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Agent (the "Agent").

W I T N E S S E T H:

WHEREAS, the parties hereto have heretofore entered into a Credit Agreement dated as of January 13, 1994 (the "Agreement"); and

WHEREAS, the parties hereto desire to amend the Agreement to provide for an extension of the term of the facility provided for therein and a reduction of the pricing.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Definitions; References. Unless otherwise specifically defined herein, each term used herein which is defined in the Agreement shall have the meaning assigned to such term in the Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Agreement shall from and after the date hereof refer to the Agreement as amended hereby.

SECTION 2. Amendment of Section 1.01 of the Agreement. Section 1.01 of the Agreement is amended by

(a) replacing the definition of "Facility Fee Rate" with the following:

"Facility Fee Rate" means (i) .08 of 1% per annum for any day on which Investment Level I Status exists, (ii) .10 of 1% per annum for any day on which Investment Level II Status exists, (iii) .125 of 1% per annum for any day on which Investment Level III Status exists, (iv) .15 of 1% per annum for any day on which Investment Level IV Status exists and (v) .20 of 1% per annum for any day on which Investment Level V Status exists.

(b) replacing the definitions of "Investment Level I Status", "Investment Level II Status", "Investment Level III Status" and "Investment Level IV Status" with the following:

"Investment Level I Status" exists at any date if, at such day (x) the Borrower's outstanding senior unsecured long-term debt securities are (i) rated A (without a minus sign) or better by S&P and (ii) rated A2 or better by Moody's and (y) Investment Level V Status does not exist.

"Investment Level II Status" exists at any date if, at such date (x) the Borrower's outstanding senior unsecured long-term debt securities are (i) rated A- or better by S&P and (ii) rated A3 or better by Moody's and (y) neither Investment Level I Status nor Investment Level V Status exists.

"Investment Level III Status" exists at any date if, at such date, (x) the Borrower's outstanding senior unsecured long-term debt securities are (i) rated BBB+ or better by S&P and (ii) rated Baa1 or better by Moody's and (y) none of Investment Level I Status, Investment Level II Status nor Investment Level Status V exists.

"Investment Level IV Status" exists at any date if, at such date, (x) the Borrower's outstanding senior unsecured long-term debt securities are (i) rated BBB (without a minus sign) or better by S&P and (ii) rated Baa2 or better by Moody's and (y) none of Investment Level I Status, Investment Level II Status, Investment Level III Status and Investment Level V Status exists.

"Investment Level V Status" exists at any date if, at such date, (x) the Borrower's outstanding senior unsecured long-term debt securities are (i) rated BBB- or lower by S&P or (ii) rated Baa3 or lower by Moody's or (y) if the Borrower's commercial paper rating is A3 by S&P or P3 by Moody's.

(c) by replacing the date "January 13, 1997" where it appears in the definition of "Termination Date" with the date "January 13, 2000".

SECTION 3. Amendment of Section 2.07 of the Agreement. The definitions of "CD Margin" and "Euro-Dollar Margin" in Section 2.07 of the Agreement are amended to read as follows:

"CD Margin" means, for any day, the percentage per annum equal to the applicable CD Margin set forth in the table below.

If the Investment Level Status is: -----	The CD Margin is: -----
Investment Level Status I	.295 of 1%
Investment Level Status II	.375 of 1%
Investment Level Status III	.40 of 1%
Investment Level Status IV	.425 of 1%
Investment Level Status V	.675 of 1%

"Euro-Dollar Margin" means, for any day, the percentage per annum equal to the applicable Euro-Dollar Margin set forth in the table below.

If the Investment Level Status is: -----	The Euro-Dollar Margin is: -----
Investment Level Status I	.17 of 1%
Investment Level Status II	.25 of 1%
Investment Level Status III	.275 of 1%
Investment Level Status IV	.30 of 1%
Investment Level Status V	.55 of 1%

SECTION 4. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 5. Counterparts; Effectiveness. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Amendment shall become effective as of the date hereof when the Agent shall have received duly executed counterparts hereof signed by the Borrower and the Banks (or, in the case of any party as to which an executed counterpart shall not have been received, the Agent shall have received telegraphic, telex or other written confirmation from such party of execution of a counterpart hereof by such party).

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

CABOT CORPORATION

By/s/ John G.L. Cabot

Title: Vice Chairman of the Board

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By/s/ Deborah A. Brodheim

Title: Vice President

THE FIRST NATIONAL BANK
OF BOSTON

By/s/ Harvey H. Thayer, Jr.

Title: Director

CITIBANK, N.A.

By/s/ Gian Paolo Potsios

Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By/s/ Robert Ivosevich

Title: Senior Vice President

CREDIT LYONNAIS
CAYMAN ISLAND BRANCH

By/s/ Robert Ivosevich

Title: Authorized Signature

ABN AMRO BANK N.V.

By/s/ James E. Davis

Title: Vice President

By/s/ Charles J. Wahle

Title: Corporate Banking Officer

CHEMICAL BANK

By/s/ William J. Caggiano

Title: Managing Director

MIDLAND BANK PLC NEW YORK
BRANCH

By/s/ Jonathan Morris

Title: Vice President

THE INDUSTRIAL BANK OF JAPAN
TRUST COMPANY

By/s/ Robert W. Ramage, Jr.

Title: Senior Vice President

BROWN BROTHERS HARRIMAN & CO.

By/s/ William J. Whalen, Jr.

Title: Manager

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Agent

By/s/ Deborah A. Brodheim

Title: Vice President
60 Wall Street
New York, New York 10260
Attention: Mark Connor
Telex number: 177615
Telecopy number: (302) 634-1091

CABOT CORPORATION
Deferred Compensation Plan
Master Plan Document

=====

=====

TABLE OF CONTENTS

1. In General.....	1
2. Defined Terms.....	1
3. Deferral Election.....	3
(a) In general.....	3
(b) First year of participation.....	3
(c) Limits.....	3
(d) Form of election; irrevocability.....	3
4. Accounts; Credits.....	4
(a) Deferral credits.....	4
(b) Notional earnings.....	4
(c) FICA/Medicare taxes, etc.	4
5. Payment of Deferred Amounts.....	5
(a) Form and timing of distributions; in general.....	5
(b) Distributions upon death.....	6
(c) Hardship.....	6
(d) Other Withdrawals.....	7
(e) Computation of installment payments, etc.....	7
(f) Section 162(m).....	7
(g) Taxes.....	7
6. Assignment.....	7

7. Plan To Be Unfunded, etc. 8

8. No Contract of Employment..... 8

9. Amendment and Termination..... 8

10. Administration of the Plan..... 9

CABOT CORPORATION

DEFERRED COMPENSATION PLAN

1. IN GENERAL. Cabot Corporation (the "Company") has established this Deferred Compensation Plan (the "Plan") to further its business interests by providing eligible employees an opportunity to defer some or all of their compensation on an unfunded, nonqualified basis as hereinafter provided. The Plan shall be effective January 1, 1995.

2. DEFINED TERMS. As used in the Plan, the following terms have the meanings associated with them below:

- "Account": A memorandum account maintained by the Administrator to reflect the Employer's unfunded deferred compensation obligation to a Participant hereunder, including where the context requires any sub-account.
- "Administrator": The Benefits Committee of the Company, whose members are appointed by the Board and serve at the Board's pleasure, or such other committee, person or persons as the Board may designate. The term "Administrator" shall also include delegates of any of the foregoing.
- "Board": The Board of Directors of the Company.
- "Code": The federal Internal Revenue Code, as amended.
- "Consultant": An individual performing consulting services for an Employer (other than as an employee) who is designated by the Administrator as eligible to participate in the Plan, provided that such designation has not been revoked by the Administrator.
- "CRISP": The Cabot Retirement Incentive Savings Plan as from time to time amended and in effect.

- "Earnings Measure": An interest rate, stock index, bond index, mutual fund or other objective external measure of investment performance specified by the Administrator for purposes of measuring and crediting notional earnings under Section 4(b) below.
- "Eligible Employee": An individual employed by an Employer who is (i) determined by the Administrator to qualify as a "highly compensated or management" employee for purposes of Sections 201(a)(2), 301(a)(3) and 401(a)(1) of ERISA, and (ii) designated by the Administrator as eligible to participate in the Plan, provided that such designation has not been revoked by the Administrator.
- "Eligible Pay": Except as otherwise determined by the Administrator, Eligible Pay shall include (i) in the case of an Eligible Employee: base salary, amounts payable under the Company's short-term incentive program, and sales incentive bonuses; and (ii) in the case of a Consultant: the consulting fees payable by the Employer. The Administrator in its discretion may include other categories of remuneration in, or exclude categories of remuneration from, the definition of "Eligible Pay," either in general or in particular cases.
- "Employer": The Company and its Subsidiaries, or any of them. Except as otherwise specified by the Administrator, however, participation in the Plan shall be limited to Eligible Employees employed by, or Consultants providing services to, the Company or one of the Subsidiaries listed in Appendix A hereto.
- "ERISA": The Employee Retirement Income Security Act of 1974, as amended.
- "Moody's Rate": The rate described in Section 5(e) below.
- "Participant": A Consultant or an Eligible Employee who participates in the Plan.
- "Subsidiary": A corporation in which the Company holds, directly or indirectly, stock possessing 50% of the total voting power, and any other corporation or unincorporated trade or business that the Board designates as a Subsidiary for purposes of the Plan.

3. Deferral Election

(a) IN GENERAL. Each Eligible Employee and Consultant may elect to defer hereunder a specified portion or percentage of his or her Eligible Pay to be earned in any calendar year. Except as the Administrator may otherwise determine, Eligible Pay is earned in a year if (i) in the case of base salary or Consultant's fees paid on a periodic basis, it would normally be paid in that year; or (ii) in the case of other Eligible Pay, it is neither vested nor determinable at the beginning of the year but becomes determinable at some point during the year. Each such deferral election shall be made by the Participant's delivery to the Administrator of a deferral election form on or before the date specified by the Administrator, but in any case (except as provided in (b) below) prior to the first day of the calendar year to which the deferral election relates.

(b) FIRST YEAR OF PARTICIPATION. Notwithstanding (a) above, an individual who first becomes eligible to participate in the Plan during the course of a calendar year may elect to defer a specified portion or percentage of his or her Eligible Pay for the remainder of the year by delivering to the Administrator a deferral election form within 30 days of being notified of eligibility, such election to take effect as of the first day of the month next following receipt by the Administrator of such form or forms (the "initial effective date"). An election under this paragraph shall be effective only as to Eligible Pay earned in the period commencing on the initial effective date and ending on the last day of the year, as determined by the Administrator under principles similar to those set forth in (a)(i) and (a)(ii) above.

(c) LIMITS. Except as otherwise determined by the Administrator, the maximum amount of Eligible Pay that an Eligible Employee may elect to defer for any year shall be 50% of his or her base salary plus 100% of any other Eligible Pay. An Eligible Employee who elects to defer any Eligible Pay for a year must defer at least \$2,000. The \$2,000 minimum shall apply on a prorated basis with respect to a partial year election under (b) above. A Consultant may defer any portion or all of his or her consulting fees for any year.

(d) FORM OF ELECTION; IRREVOCABILITY. Each deferral election shall be made in writing on a form prescribed by the Administrator. The Administrator may condition the effectiveness of any election upon the delivery by the Participant of such other form or forms as the Administrator may prescribe. A deferral election applicable to Eligible Pay to be earned in a particular calendar year shall be irrevocable once that year has begun (or, in the case of an initial year of participation described in (b) above, once the 30-day election period has expired).

4. ACCOUNTS; CREDITS. For each Participant, the Administrator shall maintain one or more Accounts reflecting deferrals and notional earnings as hereinafter provided.

(a) DEFERRAL CREDITS. Each amount deferred by a Participant under Section 3 above shall be credited to the Participant's Account in the year the amount would have been paid absent the deferral. In addition, there shall be credited to the Account of each Participant who is an Eligible Employee: (i) for the year to which the Participant's deferral election relates, an amount equal to 10% of any base salary elected to be deferred by the Participant from that year; provided, that Participants who also participate in the Company's supplemental plans (or any of them) shall not be eligible for the additional credit described in this clause; and (ii) subject to Treas. Regs. Section 1.401(k)-1(e)(6), if the Participant is a participant in CRISP, an additional credit equal to the amount, if any, of matching contributions that would have been made for the benefit of such Participant under CRISP but for a reduction thereunder attributable to the limitations of Sections 401(k) and 401(m) of the Code, provided that the Participant has elected to participate in CRISP to the maximum extent permitted by Section 401(k) of the Code. Notional earnings under (b) below shall be calculated as though all amounts deferred under the preceding two sentences for a calendar year had been credited to the Participant's Account as of the first day of such year (or as of the date participation in the Plan commences, in the case of a Participant's first year of participation described in Section 3(b) above).

(b) NOTIONAL EARNINGS. Not less frequently than annually, the Administrator shall adjust each Participant's Account to reflect notional earnings. Notional earnings shall be based on such Earnings Measures as the Administrator shall specify. The Administrator may, but need not, permit Participants to (i) select the Earnings Measures that will apply to their Accounts from among those specified by the Administrator, and (ii) change such Measures prospectively at any time. The Administrator shall have the absolute discretion at any time to alter or amend the Earnings Measures used in valuing and adjusting Accounts; provided, that the Administrator may not, without the written consent of the affected Participant, alter any Earnings Measure retroactively to the extent that the effect of such alteration would be to reduce the balance of the Participant's Account below what it was immediately prior to such alteration. Nothing herein shall be construed as obligating the Administrator or any Employer to set aside assets or establish a trust or other fund for purposes of the Plan.

(c) FICA/MEDICARE TAXES, ETC. To the extent any amount deferred or credited hereunder to the Account of a Participant is treated as "wages" for FICA/Medicare or FUTA tax purposes on a current basis rather than when distributed, all as determined by

the Administrator, then the Administrator shall require that the Participant either (i) timely pay such taxes in cash by separate check to the Employer, or (ii) make other arrangements satisfactory to the Employer (e.g., additional withholding from other wage payments) for the payment of such taxes. To the extent a Participant fails to pay or provide for such taxes as required, the Administrator may suspend the Participant's participation in the Plan or reduce amounts credited or to be credited hereunder.

5. PAYMENT OF DEFERRED AMOUNTS. The Participant's Employer shall make distributions of Account balances as provided in this Section. All distributions shall be in cash.

(a) FORM AND TIMING OF DISTRIBUTIONS; IN GENERAL. Amounts credited to a Participant's Account for any year under Section 4(a) above (the "deferral year"), adjusted for notional earnings under Section 4(b) above, shall be paid as the Participant elects either

(i) upon the expiration of a fixed period of years, but in no event earlier than the third anniversary of the beginning of the deferral year (a "fixed-period election"), or

(ii) upon termination of the Participant's employment or consulting relationship with the Employer.

A fixed-period election shall not be effective for any deferral year unless made prior to the beginning of the deferral year or within 30 days of being notified of eligibility to participate, in the case of an initial year of participation described in Section 3(b) above, and once made shall be irrevocable. Amounts distributable pursuant to a fixed-period election shall be paid in a lump sum. If the Participant's employment or consulting relationship with the Employer terminates prior to the payment date specified in any fixed-period election, amounts that would otherwise have been payable under (i) above pursuant to such election shall instead be paid in a lump sum upon such termination.

A Participant shall be deemed to have elected a distribution under (ii) above as to any portion of his or her Account for which an effective fixed-period election has not been made. Subject to such rules as the Administrator may prescribe, a Participant may elect to have amounts distributable under (ii) above paid either in a lump sum or in equal monthly installments over a period of five, ten or fifteen years (a "form of payment election"), and may change such election at any time prior to termination of employment or termination of the consulting relationship. However, a Participant may have only one form of payment election in effect at any time, and it shall control the manner in which the entirety of the Participant's Account distributable under (ii) above will be paid. Moreover, except for a Participant's initial form of payment election made in connection

with his or her commencement of participation in the Plan, no such election or change in election shall be effective unless made more than three years prior to termination of the Participant's employment or consulting relationship with the Company. In the absence of any effective form of payment election, all amounts distributable to a Participant under the Plan shall be paid in a lump sum. The Administrator may also in its discretion accelerate the distribution under (ii) above, including payment of a lump sum, to a Participant who elected an installment payout and who terminates employment prior to age 55 with less than 10 years of service with all Employers.

(b) DISTRIBUTIONS UPON DEATH. Each Participant shall designate in writing, on such form as the Administrator shall prescribe, a beneficiary or beneficiaries to receive any amounts remaining to be paid hereunder at the Participant's death; but if no such beneficiary designation is in effect at the time of the participant's death, or if the Participant's beneficiary(ies) do(es) not survive the Participant, the Administrator shall cause any such remaining benefits to be paid to the executor or administrator of the Participant's estate. If death occurs prior to the commencement or completion of installment distributions to the Participant, the Administrator reserves the right to distribute the remaining balance of the decedent's Account to the designated beneficiary(ies), or to the decedent's estate where applicable, in a lump sum or other form of payment. The spouse of a married Participant who has not consented in writing, on such form as the Administrator may prescribe, to a designation by the Participant of one or more non-spouse beneficiary(ies) shall be treated as the designated primary beneficiary for 50% of any portion of the Participant's Account remaining undistributed at the Participant's death (or such larger amount as the Participant shall have specified in his or her beneficiary designation, if any, in effect at the time of the Participant's death). If application of the preceding sentence results in the Participant's spouse being treated as the designated primary beneficiary for any portion of the Participant's Account which would otherwise have been distributed to others, the Administrator shall reduce the amount payable to the other designated beneficiary(ies), if any, in such equitable manner as it deems appropriate under the circumstances.

(c) HARDSHIP. If a Participant suffers an unforeseeable financial emergency (caused by an event beyond the Participant's control) prior to the payment in full of his or her Account, the Participant may apply in writing for an extraordinary distribution under this paragraph. If the Administrator in its discretion determines that an unforeseeable financial emergency has occurred, the Participant's Employer will pay the Participant an amount equal to the lesser of (i) the then balance of the Participant's Account, or (ii) the amount determined by the Administrator to be necessary to meet the emergency (including applicable taxes).

(d) OTHER WITHDRAWALS. A Participant may at any time elect to withdraw the entirety of his or her Accounts less a 10% withdrawal penalty (in addition to any applicable tax withholding). Any such election shall be made in such manner and upon such prior notice as the Administrator may prescribe. A Participant who elects a withdrawal under this Section 5(d) shall thereby be barred from future participation in the Plan and shall cease to be a Participant.

(e) COMPUTATION OF INSTALLMENT PAYMENTS, ETC. If any Account is to be distributed in installments, the amount of each such installment shall be determined so as to result in equal installments over the installment period, applying the following special rules and assumptions: (i) the Earnings Measure used to measure notional earnings with respect to the declining Account balance over the course of the installment period shall be a fixed rate equal to the average of the Moody's Rate for the year in which the installment distributions are to commence and the preceding four calendar years, and (ii) notional earnings (calculated using the Earnings Measure described in (i) above) shall be determined by assuming that the Account is reduced at the beginning of each year in the installment period by the aggregate amount of the installment payments to be made for that year. For purposes of this paragraph, the Moody's Rate for any calendar year is the interest rate specified in Moody's Bond Record under the heading of "Moody's Corporate Bond Yield Averages -- Av. Corp.", as published for the month of November preceding the calendar year.

(f) SECTION 162(m). Notwithstanding any other provision of the Plan, prior to a Change in Control (as that term is defined in CRISP as in effect immediately prior to such a Change) the Administrator may defer payment of any portion of a distribution hereunder if in the judgment of the Administrator such deferral is necessary to avoid disallowance of a deduction under Section 162(m) of the Code. Amounts so deferred shall continue to be credited with notional earnings under Section 4(b) and shall be paid on the earlier of (i) the date Section 162(m) would no longer limit the deductibility of such payment, as reasonably determined by the Administrator, or (ii) the date of the Change in Control (as so defined).

(g) TAXES. All distributions under the Plan shall be subject to reduction for applicable tax withholding.

6. ASSIGNMENT. Each Employer's obligations under the Plan shall be binding upon its successors and assigns. The rights of Participants and beneficiaries under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of such Participants and beneficiaries.

Any attempt by any person other than Participants or their beneficiaries to bring a claim under the Plan shall be null and void.

7. PLAN TO BE UNFUNDED, ETC. The Plan is intended to be a "pension plan" (within the meaning of Section 3(2) of ERISA) that is unfunded for ERISA and tax purposes and that qualifies for the exemptions described in ERISA Sections 201(a)(2), 301(a)(3) and 401(a)(1). The Administrator shall be the "plan administrator" of the Plan and shall have discretion to construe its terms and determine each Eligible Employee's or Participant's eligibility for deferrals or distributions hereunder. If any person claims any benefit hereunder, the Administrator shall make and communicate its decision with respect to the claim within 90 days from the date the claim was received. Where special circumstances require additional time for processing the claim, the ninety-day response period may be extended by the Administrator to 180 days. If the Administrator does not render a written determination prior to the expiration of such 90-day (or 180-day) period, the claim will be deemed denied. If a claim hereunder is denied, the claimant may, within 60 days of such denial, appeal the denial by written request for review delivered to the Board or its designate, which request may include a request to review pertinent documents and to submit issues and comments in writing. The Board or its designate shall render a decision on the appeal within 60 days (or, if special circumstances require an extension of the time for processing, 120 days) after receipt of the request for review; but if no written decision is rendered within such period(s), the appeal will be deemed denied.

Nothing in this Section or in Section 4(b) shall be construed as prohibiting the Employer from establishing and maintaining a "rabbi trust" or similar trust or account in connection with the Plan, so long as the maintenance and funding of such a trust or account does not jeopardize the unfunded status of the Plan under ERISA or effective tax deferral under the Code.

8. NO CONTRACT OF EMPLOYMENT. By participating in the Plan, each Participant expressly acknowledges and agrees that (i) nothing in the Plan in its operation, including deferrals hereunder, limits the right of the Company or any other Employer to terminate the employment or other services of the Participant at any time, with or without cause, and that (ii) neither he or she, nor his or her beneficiaries, will claim lost compensation or tax benefits associated with discontinuance of participation in the Plan as damages or as a measure of damages in connection with any termination of employment or other services.

9. AMENDMENT AND TERMINATION. The Board may terminate the Plan at any time and may amend the Plan at any time and from time to time, including amendments with retroactive effect; provided, that no such action shall, without the consent of the affected Participant, reduce the balance of any Participant's Account below what it was immediately prior to the taking of such

action; and further provided, that upon and following a Change in Control (as defined in CRISP as in effect immediately prior to such a Change), no amendment shall result in the further deferral of payments that have been delayed by reason of the operation of Section 5(e) above. If it determines such action to be necessary to preserve or reinstate the Plan's status as a "top hat" plan under Sections 201(a)(2), 301(a)(3) or 401(a)(1) of ERISA, or to ensure effective tax deferral under the Plan, the Administrator may at any time exclude any individual from participation in the Plan and cause his or her Account to be promptly distributed, or may make such changes in the deferral or distribution rules hereunder as are reasonably determined by the Administrator to be necessary to accomplish such result or results. Upon termination of the Plan in general or as to any Participant or group of Participants, the Administrator may, but need not, provide for immediate distribution of Accounts to the affected Participants.

10. ADMINISTRATION OF THE PLAN. The Administrator shall have full power to interpret and administer the Plan and determine the eligibility of any person for benefits hereunder and the amount of any such benefit, in its discretion. Without limiting the foregoing, the Administrator shall have full discretionary power and authority, not inconsistent with the express provisions of the Plan, to select those individuals who may participate in the Plan; to determine their remuneration eligible for deferral under the Plan; to determine their eligibility to commence receipt of benefits and the form of benefits (including, without limitation, any determination as to the proper treatment of leaves of absence and other periods of service to the Employer); to adopt, alter, and repeal such rules, guidelines and procedures for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to prescribe the form of any election under the Plan; and otherwise to supervise the administration of the Plan.

IN WITNESS WHEREOF, the Company has signed this Plan Document as of the 1st day of January 1995.

By: Karen M. Morrissey

Its: Vice President

Appendix A

Employers Participating in the Plan

Cabot Corporation
Distrigas of Massachusetts Corporation
TUCO INC.

CABOT CORPORATION

Earnings per Common Share for the Year Ended September 30, 1995

Statement Re: Computation of Per Share Earnings
(In thousands, except per share amounts)

	Primary -----	Fully Diluted -----
Shares of common stock outstanding at October 1, 1994, less treasury stock	37,991	37,991
Plus net weighted shares of treasury stock issued	16	16
Plus common stock equivalents:		
Effect of convertible preferred stock conversion	-	3,075
Effect of equity incentive awards	719	858
	-----	-----
Weighted average shares outstanding	38,726 =====	41,940 =====
Income applicable to common shares	\$168,381	\$168,381
Dividends on preferred stock	-	3,551
Preferred stock conversion compensation shortfall	-	(2,315)
	-----	-----
Earnings applicable to common shares	\$168,381 =====	\$169,617 =====
Earnings per common share	\$ 4.35 =====	\$ 4.04 =====

CABOT CORPORATION AND CONSOLIDATED SUBSIDIARIES

Statement Re: Computation of Ratios of Earnings to Fixed Charges
(Dollar amounts in thousands)

	1995	Years ended September 30			1991
	1995	1994	1993	1992	1991
	----	----	----	----	----
Earnings:					
Pre-tax income from continuing operations	\$256,342	\$118,325	\$ 67,900	\$116,599	\$ 62,362
Distributed income of affiliated companies	11,699	5,638	5,988	5,766	4,688
Add fixed charges:					
Interest on indebtedness	35,639	41,668	44,043	41,714	38,661
Portion of rents representative of the interest factor	5,515	5,879	4,838	4,933	5,715
	-----	-----	-----	-----	-----
Income as adjusted	\$309,195	\$171,510	\$122,769	\$169,012	\$111,426
Fixed charges:					
Interest on indebtedness	\$ 35,639	\$ 41,668	\$ 44,043	\$ 41,714	\$ 38,661
Capitalized interest	-	-	-	3,963	8,745
Portion of rents representative of the interest factor	5,515	5,879	4,838	4,933	5,715
	-----	-----	-----	-----	-----
Total fixed charges	\$ 41,154	\$ 47,547	\$ 48,881	\$ 50,610	\$ 53,121
Ratio of earnings to fixed charges	7.51	3.61	2.51	3.34	2.10
	=====	=====	=====	=====	=====

CABOT CORPORATION

Significant Subsidiaries

As of September 30, 1995

Name	Jurisdiction of Incorporation
-----	-----
Cabot Carbon Limited	England
Cabot G.B. Limited	England
Cabot B.V.	Netherlands
Cabot International Capital Corporation	Delaware
Cabot Safety Corporation	Delaware

POWER OF ATTORNEY

We, the undersigned directors and officers of Cabot Corporation, hereby severally constitute and appoint Robert Rothberg and Charles D. Gerlinger, 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 Annual Reports on Form 10-K pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 of Cabot Corporation for the fiscal year ended September 30, 1995, and subsequent years, 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 Reports and to any and all amendments to said Reports; and (ii) to file such Reports and amendments with the Securities and Exchange Commission on behalf of Cabot Corporation.

WITNESS our hands and common seal on the date set forth below.

SIGNATURE -----	TITLE -----	DATE -----
/s/ Samuel W. Bodman ----- Samuel W. Bodman	Director and Chairman (Chief Executive Officer)	November 10, 1995
/s/ Kennett F. Burnes ----- Kennett F. Burnes	Director and President	November 10, 1995
/s/ Kenyon C. Gilson ----- Kenyon C. Gilson	Vice President (Chief Financial Officer)	November 10, 1995
/s/ Paul J. Gormisky ----- Paul J. Gormisky	Vice President and Controller (Principal Accounting Officer)	November 10, 1995
/s/ Jane C. Bradley ----- Jane C. Bradley	Director	November 10, 1995

SIGNATURE -----	TITLE -----	DATE -----
/s/ John G.L. Cabot ----- John G.L. Cabot	Director	November 10, 1995
/s/ Robert A. Charpie ----- Robert A. Charpie	Director	November 10, 1995
/s/ Arthur L. Goldstein ----- Arthur L. Goldstein	Director	November 10, 1995
/s/ Robert P. Henderson ----- Robert P. Henderson	Director	November 10, 1995
/s/ Arnold S. Hiatt ----- Arnold S. Hiatt	Director	November 10, 1995
/s/ Gerrit Jeelof ----- Gerrit Jeelof	Director	December 5, 1995
/s/ John H. McArthur ----- John H. McArthur	Director	November 10, 1995
/s/ John F. O'Brien ----- John F. O'Brien	Director	November 10, 1995
/s/ David V. Ragone ----- David V. Ragone	Director	November 10, 1995
/s/ Charles P. Siess, Jr. ----- Charles P. Siess, Jr.	Director	November 10, 1995

SIGNATURE -----	TITLE -----	DATE -----
/s/ Morris Tanenbaum ----- Morris Tanenbaum	Director	December 5, 1995
/s/ Lydia W. Thomas ----- Lydia W. Thomas	Director	December 5, 1995

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF CABOT CORPORATION FOR THE YEAR ENDED SEPTEMBER 30, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000
U.S. DOLLARS

YEAR	SEP-30-1995	SEP-30-1995	SEP-30-1995
	1	90,792	
	0		
	297,984		
	5,207		
	253,110		
	677,859	1,447,653	
	741,132		
	1,654,333		
402,379		306,443	
		67,775	
0		75,336	
		1,080,281	
1,654,333			
		1,830,393	
	1,840,885		
		1,258,964	
	1,258,964		
	87,872		
	0		
	35,639		
	256,342		
	101,080		
171,932			
	0		
	0		
		0	
	171,932		
	4.35		
	4.04		