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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2012

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-5667

Cabot Corporation
(Exact name of registrant as specified in its charter)

Delaware	**04-2271897**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**
Two Seaport Lane **Boston, Massachusetts**	**02210-2019**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (617) 345-0100

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer (Do not check if a smaller reporting company) ☐
Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

As of July 30, 2012 the Company had 63,294,813 shares of Common Stock, par value $1 per share, outstanding.

CABOT CORPORATION INDEX

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Part I. Financial Information

Item 1. Financial Statements

CABOT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	Three Months Ended June 30		Nine Months Ended June 30	
	2012	2011	2012	2011
	(In millions, except per share amounts)			
Net sales and other operating revenues	$ 846	$ 836	$2,452	$2,269
Cost of sales	671	684	1,961	1,852
Gross profit	175	152	491	417
Selling and administrative expenses	68	61	199	186
Research and technical expenses	17	16	54	49
Income from operations	90	75	238	182
Interest and dividend income	1	1	3	2
Interest expense	(11)	(9)	(30)	(29)
Other (expense) income	(2)	(5)	(2)	1
Income from continuing operations before income taxes and equity in net earnings of affiliated companies	78	62	209	156
Provision for income taxes	(16)	(10)	(55)	(4)
Equity in net earnings of affiliated companies	4	2	8	6
Income from continuing operations	66	54	162	158
Income from discontinued operations, net of tax	4	13	204	45
Net income	70	67	366	203
Net income attributable to noncontrolling interests, net of tax	4	7	14	17
Net income attributable to Cabot Corporation	$ 66	$ 60	$ 352	$ 186
Weighted-average common shares outstanding, in millions:				
Basic	63.4	64.7	63.3	64.6
Diluted	64.3	65.6	64.2	65.4
Income per common share:				
Basic:				
Income from continuing operations attributable to Cabot Corporation	$ 0.97	$ 0.74	$ 2.32	$ 2.16
Income from discontinued operations	0.07	0.19	3.18	0.68
Net income attributable to Cabot Corporation	$ 1.04	$ 0.93	$ 5.50	$ 2.84
Diluted:				
Income from continuing operations attributable to Cabot Corporation	$ 0.96	$ 0.73	$ 2.29	$ 2.13
Income from discontinued operations	0.06	0.19	3.14	0.68
Net income attributable to Cabot Corporation	$ 1.02	$ 0.92	$ 5.43	$ 2.81
Dividends per common share	$ 0.20	$ 0.18	$ 0.56	$ 0.54

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

CABOT CORPORATION
CONSOLIDATED BALANCE SHEETS
ASSETS
UNAUDITED

	June 30, 2012	September 30, 2011
	(In millions)	
Current assets:		
Cash and cash equivalents	$ 407	$ 286
Accounts and notes receivable, net of reserve for doubtful accounts of $4 and $4	710	659
Inventories:		
Raw materials	113	120
Work in process	3	3
Finished goods	255	233
Other	40	37
Total inventories	411	393
Prepaid expenses and other current assets	64	76
Deferred income taxes	25	35
Current assets held for sale	—	106
Total current assets	1,617	1,555
Property, plant and equipment, net	1,073	1,036
Goodwill	40	40
Equity affiliates	69	60
Assets held for rent	47	46
Notes receivable from sale of business	243	—
Deferred income taxes	187	261
Other assets	93	104
Noncurrent assets held for sale	—	39
Total assets	$3,369	$ 3,141

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

CABOT CORPORATION
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND STOCKHOLDERS' EQUITY
UNAUDITED

	June 30, 2012	September 30, 2011
	(In millions, except share amounts)	
Current liabilities:		
Notes payable to banks	$ 102	$ 86
Accounts payable and accrued liabilities	440	461
Income taxes payable	43	34
Deferred income taxes	7	6
Current portion of long-term debt	38	57
Current liabilities held for sale	—	12
Total current liabilities	630	656
Long-term debt	559	556
Deferred income taxes	10	8
Other liabilities	280	299
Noncurrent liabilities held for sale	—	6
Commitments and contingencies (Note F)		
Stockholders' equity:		
Preferred stock:		
Authorized: 2,000,000 shares of $1 par value		
Issued and Outstanding : None and none	—	—
Common stock:		
Authorized: 200,000,000 shares of $1 par value		
Issued: 63,538,821 and 63,894,443 shares		
Outstanding: 63,284,702 and 63,860,777 shares	64	64
Less cost of 254,119 and 33,666 shares of common treasury stock	(8)	(1)
Additional paid-in capital	16	18
Retained earnings	1,630	1,314
Deferred employee benefits	(10)	(14)
Accumulated other comprehensive income	71	106
Total Cabot Corporation stockholders' equity	1,763	1,487
Noncontrolling interests	127	129
Total stockholders' equity	1,890	1,616
Total liabilities and stockholders' equity	$3,369	$ 3,141

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

CABOT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

	Nine Months Ended June 30	
	2012	2011
	(In millions)	
Cash Flows from Operating Activities:		
Net income	$ 366	$ 203
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	111	105
Deferred tax provision (benefit)	18	(16)
Gain on sale of business, net of tax	(190)	—
Loss on sale of property, plant and equipment	3	3
Equity in net earnings of affiliated companies	(8)	(6)
Non-cash compensation	16	16
Changes in assets and liabilities:		
Accounts and notes receivable	(75)	(96)
Inventories	(55)	(46)
Prepaid expenses and other current assets	21	2
Accounts payable and accrued liabilities	5	(39)
Income taxes payable	(23)	(14)
Other liabilities	(2)	—
Cash dividends received from equity affiliates	4	4
Other	(7)	1
Cash provided by operating activities	184	117
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(176)	(129)
Proceeds from sale of business	181	—
Receipts from notes receivable from sale of business	22	—
Increase in assets held for rent	—	(7)
Investment in equity affiliate	—	(2)
Cash used in investing activities	27	(138)
Cash Flows from Financing Activities:		
Borrowings under financing arrangements	69	43
Repayments under financing arrangements	(62)	(35)
Proceeds from long-term debt	8	—
Repayments of long-term debt	(24)	(20)
Increase in notes payable to banks, net	9	23
Proceeds from cash contributions received from noncontrolling stockholders	4	—
Purchases of common stock	(36)	(9)
Proceeds from sales of common stock	9	4
Cash dividends paid to noncontrolling interests	(16)	(9)
Cash dividends paid to common stockholders	(36)	(35)
Proceeds from restricted stock loan payments	1	3
Cash used in financing activities	(74)	(35)
Effect of exchange rate changes on cash	(16)	13
Increase (decrease) in cash and cash equivalents	121	(43)
Cash and cash equivalents at beginning of period	286	387
Cash and cash equivalents at end of period	$ 407	$ 344

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

CABOT CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
Nine Months Ended June 30, 2011
(In millions, except shares in thousands)
UNAUDITED

	Common Stock, Net of Treasury Stock		Additional Paid-in Capital	Retained Earnings	Deferred Employee Benefits	Accumulated Other Comprehensive Income	Cabot Corporation Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity	Comprehensive Income
	Shares	Cost								
Balance at September 30, 2010	65,370	$ 63	$ 46	$ 1,125	$ (20)	$ 88	$ 1,302	$ 115	$ 1,417	
Net income attributable to Cabot Corporation				186						$ 186
Foreign currency translation adjustment, net of tax						39				39
Change in unrealized loss on investments and derivatives, net of tax						(1)				(1)
Total other comprehensive loss										38
Comprehensive income attributable to Cabot Corporation, net of tax[1]							224			$ 224
Net income attributable to noncontrolling interests, net of tax								17		$ 17
Noncontrolling interests foreign currency adjustment								4		4
Comprehensive income attributable to noncontrolling interests, net of tax[1]										21
Comprehensive income[1]									245	$ 245
Noncontrolling interests - dividends								(11)	(11)	
Cash dividends paid to common stockholders				(35)			(35)		(35)	
Issuance of stock under employee compensation plans, net of forfeitures	268	1	7				8		8	
Amortization of share-based compensation			13				13		13	
Purchase and retirement of common and treasury stock	(232)	—	(9)				(9)		(9)	
Notes receivable for restricted stock-payments			3				3		3	
Principal payment by Employee Stock Ownership Plan under guaranteed loan					4		4		4	
Balance at June 30, 2011	65,406	$ 64	$ 60	$ 1,276	$ (16)	$ 126	$ 1,510	$ 125	$ 1,635	

(1) Comprehensive income for the three months ended June 30, 2011 was $86 million, which consists of comprehensive income attributable to Cabot Corporation, net of tax, of $78 million and comprehensive income attributable to noncontrolling interests, net of tax, of $8 million.

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

CABOT CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
Nine Months Ended June 30, 2012
(In millions, except shares in thousands)
UNAUDITED

	Common Stock, Net of Treasury Stock		Additional Paid-in Capital	Retained Earnings	Deferred Employee Benefits	Accumulated Other Comprehensive Income	Cabot Corporation Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity	Comprehensive Income
	Shares	Cost								
Balance at September 30, 2011	63,861	$ 63	$ 18	$ 1,314	$ (14)	$ 106	$ 1,487	$ 129	$ 1,616	
Net income attributable to Cabot Corporation				352						$ 352
Foreign currency translation adjustment, net of tax						(32)				(32)
Change in employee benefit plans, net of tax						(3)				(3)
Total other comprehensive income										(35)
Comprehensive income attributable to Cabot Corporation, net of tax[1]							317			$ 317
Net income attributable to noncontrolling interests, net of tax								14		$ 14
Noncontrolling interests foreign currency adjustment								(3)		(3)
Comprehensive income attributable to noncontrolling interests, net of tax[1]										11
Comprehensive income[1]									328	$ 328
Contribution from noncontrolling interests								4	4	
Noncontrolling interests - dividends								(17)	(17)	
Cash dividends paid to common stockholders				(36)			(36)		(36)	
Issuance of stock under employee compensation plans, net of forfeitures	546	2	13				15		15	
Amortization of share-based compensation			11				11		11	
Purchase and retirement of common stock	(872)	(1)	(27)				(28)		(28)	
Purchase of common stock held in treasury	(250)	(8)					(8)		(8)	
Notes receivable for restricted stock - payments			1				1		1	
Principal payment by Employee Stock Ownership Plan under guaranteed loan					4		4		4	
Balance at June 30, 2012	63,285	$ 56	$ 16	$ 1,630	$ (10)	$ 71	$ 1,763	$ 127	$ 1,890	

(1) Comprehensive income for the three months ended June 30, 2012 was $29 million, which consists of comprehensive income attributable to Cabot Corporation, net of tax, of $29 million.

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

CABOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2012
UNAUDITED

A. Basis of Presentation

The consolidated financial statements include the accounts of Cabot Corporation ("Cabot" or the "Company") and its wholly owned subsidiaries and majority-owned and controlled U.S. and non-U.S. subsidiaries. Additionally, Cabot considers consolidation of entities over which control is achieved through means other than voting rights, of which there were none in the periods presented. Intercompany transactions have been eliminated in consolidation.

The unaudited consolidated financial statements have been prepared in accordance with the requirements of Form 10-Q and consequently do not include all disclosures required by Form 10-K. Additional information may be obtained by referring to Cabot's Annual Report on Form 10-K for the fiscal year ended September 30, 2011 ("2011 10-K").

The financial information submitted herewith is unaudited and reflects all adjustments which are, in the opinion of management, necessary to provide a fair statement of the results for the interim periods ended June 30, 2012 and 2011. All such adjustments are of a normal recurring nature. The results for interim periods are not necessarily indicative of the results to be expected for the fiscal year.

In January 2012, Cabot sold substantially all of the assets of its Supermetals Business to Global Advanced Metals Pty Ltd., an Australian company ("GAM"), in accordance with a Sale and Purchase Agreement. The Consolidated Statements of Operations for all periods presented have been recast to reflect the presentation of discontinued operations. Unless otherwise indicated, all disclosures and amounts in the Notes to the Consolidated Financial Statements relate to the Company's continuing operations.

B. Significant Accounting Policies

Revenue Recognition and Accounts Receivable

Cabot recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the sales price is fixed or determinable and collectibility is reasonably assured. Cabot generally is able to ensure that products meet customer specifications prior to shipment. If the Company is unable to determine that the product has met the specified objective criteria prior to shipment or if title has not transferred because of sales terms, the revenue is considered "unearned" and is deferred until the revenue recognition criteria are met.

Shipping and handling charges related to sales transactions are recorded as sales revenue when billed to customers or included in the sales price.

The following table shows the relative size of the revenue recognized in each of the Company's reportable segments:

	Three months ended June 30		Nine months ended June 30	
	2012	2011	2012	2011
Core Segment	63%	65%	65%	65%
Performance Segment	30%	30%	29%	30%
New Business Segment	4%	4%	3%	4%
Specialty Fluids Segment	3%	1%	3%	1%

Cabot derives substantially all of its revenues from the sale of products in the Core and Performance Segments. Revenue from these products is typically recognized when the product is shipped and title and risk of loss have passed to the customer. The Company offers certain of its customers cash discounts and volume rebates as sales incentives. The discounts and volume rebates are recorded as a reduction in sales at the time revenue is recognized and are estimated based on historical experience and contractual obligations. Cabot periodically reviews the assumptions underlying its estimates of discounts and volume rebates and adjusts its revenues accordingly.

Revenue in the New Business Segment is typically recognized when the product is shipped and title and risk of loss have passed to the customer. Depending on the nature of the contract with the customer, a portion of the segment's revenue may be recognized using proportional performance.

CABOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2012
UNAUDITED

A significant portion of the revenue in the Specialty Fluids Segment arises from the rental of cesium formate. This revenue is recognized throughout the rental period based on the contracted rental terms. Customers are also billed and revenue is recognized, typically at the end of the job, for cesium formate product that is not returned. The Company also generates revenues from the sale of cesium formate outside of a rental process and revenue is recognized upon delivery of the fluid.

Cabot maintains allowances for doubtful accounts based on an assessment of the collectibility of specific customer accounts, the aging of accounts receivable and other economic information on both a historical and prospective basis. Customer account balances are charged against the allowance when it is probable the receivable will not be recovered. Changes in the allowance during the first nine months of fiscal 2012 and 2011 were immaterial. There is no off-balance sheet credit exposure related to customer receivable balances.

Cost of Sales

Cost of sales consists of cost of raw and packaging materials, direct manufacturing costs, depreciation, internal transfer costs, inspection costs, inbound and outbound freight and shipping and handling costs, plant purchasing and receiving costs and other overhead expense necessary to manufacture the products.

Selling and Administrative Expenses

Selling and administrative expenses consist of salaries and fringe benefits of sales and office personnel, general office expenses and other expenses not directly related to manufacturing operations.

Goodwill

Goodwill is comprised of the cost of business acquisitions in excess of the fair value assigned to the net tangible and identifiable intangible assets acquired. Goodwill is not amortized but is reviewed for impairment annually, or when events or changes in the business environment indicate that the carrying value of the reporting unit may exceed its fair value.

Goodwill is tested for impairment at the reporting unit level annually, or more frequently when events or changes in circumstances indicate that the fair value of a reporting unit has more likely than not declined below its carrying value. The Company has three reporting units that carry goodwill balances: Rubber Blacks, Fumed Metal Oxides, and Security Materials. During fiscal 2012, the Company adopted the authoritative guidance that simplifies how entities test goodwill for impairment and permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value amount and as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. Alternatively, the Company may elect to proceed directly to the two-step goodwill impairment test. If an initial qualitative assessment identifies that it is more likely than not that the carrying value of a reporting unit exceeds its estimated fair value, additional quantitative evaluation is performed under the two-step impairment test. If based on the quantitative evaluation the fair value of the reporting unit is less than its carrying amount, the Company performs an analysis of the fair value of all assets and liabilities of the reporting unit. If the implied fair value of the reporting unit's goodwill is determined to be less than its carrying amount, an impairment is recognized for the difference. The Company primarily utilizes a discounted cash flow methodology to calculate the fair value of its reporting units. See Note E for further information on goodwill.

Financial Instruments

Cabot's financial instruments consist primarily of cash and cash equivalents, accounts and notes receivable, investments, notes receivable from the sale of business, accounts payable and accrued liabilities, short-term and long-term debt, and derivative instruments. The carrying values of Cabot's financial instruments approximate fair value with the exception of long-term debt that has not been designated as part of a fair value hedge. The non-hedged long-term debt is recorded at amortized cost. The fair values of the Company's financial instruments are based on quoted market prices, if such prices are available. In situations where quoted market prices are not available, the Company relies on valuation models to derive fair value. Such valuation takes into account the ability of the financial counterparty to perform.

CABOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2012
UNAUDITED

Cabot uses derivative financial instruments primarily for purposes of hedging exposures to fluctuations in interest rates and foreign currency exchange rates, which exist as part of its on-going business operations. Cabot does not enter into derivative contracts for speculative purposes, nor does it hold or issue any derivative contracts for trading purposes. All derivatives are recognized on the Consolidated Balance Sheets at fair value. Where Cabot has a legal right to offset derivative settlements under a master netting agreement with a counterparty, derivatives with that counterparty are presented on a net basis. The changes in the fair value of derivatives are recorded in either earnings or Accumulated other comprehensive income, depending on whether or not the instrument is designated as part of a hedge transaction and, if designated as part of a hedge transaction, the type of hedge transaction. The gains or losses on derivative instruments reported in Accumulated other comprehensive income are reclassified to earnings in the period in which earnings are affected by the underlying hedged item. The ineffective portion of all hedges is recognized in earnings during the period in which the ineffectiveness occurs.

In accordance with Cabot's risk management strategy, the Company may enter into certain derivative instruments that may not be designated as hedges for hedge accounting purposes. Although these derivatives are not designated as hedges, the Company believes that such instruments are closely correlated with the underlying exposure, thus managing the associated risk. The Company records in earnings the gains or losses from changes in the fair value of derivative instruments that are not designated as hedges. Cash movements associated with these instruments are presented in the Consolidated Statement of Cash Flows as Cash Flows from Operating Activities because the derivatives are designed to mitigate risk to the Company's cash flow from operations.

Income Tax in Interim Periods

The Company records its tax provision or benefit on an interim basis using an estimated annual effective tax rate. This rate is applied to the current period ordinary income or loss to determine the income tax provision or benefit allocated to the interim period. Losses from jurisdictions for which no benefit can be recognized and the income tax effects of unusual or infrequent items are excluded from the estimated annual effective tax rate and are recognized in the impacted interim period.

Valuation allowances are provided against the future tax benefits that arise from the deferred tax assets in jurisdictions for which no benefit can be recognized. The estimated annual effective tax rate may be significantly impacted by nondeductible expenses and the Company's projected earnings mix by tax jurisdiction. Adjustments to the estimated annual effective income tax rate are recognized in the period when such estimates are revised.

Inventory Valuation

Inventories are stated at the lower of cost or market. The cost of all carbon black inventories in the U.S. is determined using the last-in, first-out ("LIFO") method. Had the Company used the first-in, first-out ("FIFO") method instead of the LIFO method for such inventories, the value of those inventories would have been $52 million and $53 million higher as of June 30, 2012 and September 30, 2011, respectively. The cost of Specialty Fluids inventories is determined using the average cost method. The cost of other U.S. and all non-U.S. inventories is determined using the FIFO method.

During the three and nine months ended June 30, 2012, inventory quantities were reduced at the Company's U.S. Rubber Blacks and Performance Products sites. These reductions led to liquidations of LIFO inventory quantities and resulted in a decrease of cost of goods sold of $1 million and an increase in net income of $1 million ($0.01 per diluted common share). No such reductions occurred in either the three or nine months ended June 30, 2011.

Cabot reviews inventory for both potential obsolescence and potential declines in anticipated selling prices. In this review, the Company makes assumptions about the future demand for and market value of the inventory, and based on these assumptions estimates the amount of any obsolete, unmarketable, slow moving or overvalued inventory. Cabot writes down the value of these inventories by an amount equal to the difference between the cost of the inventory and its estimated market value. There were no significant write-downs in either the three or nine months ended June 30, 2012 or 2011.

CABOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2012
UNAUDITED

C. Discontinued Operations

In January 2012, the Company completed the sale of its Supermetals Business to Global Advanced Metals Pty Ltd., an Australian company ("GAM"), pursuant to a Sale and Purchase Agreement ("SPA") entered into between the Company and GAM in August 2011. The total minimum consideration for the sale was approximately $450 million, including cash consideration of $175 million received on the closing date. In addition, the Company (i) received two-year promissory notes, which may be prepaid by GAM at any time prior to maturity, for total aggregate payments of $215 million (consisting of principal, imputed interest and a prepayment penalty, if applicable), secured by liens on the property and assets of the acquired business and guaranteed by the GAM corporate group and (ii) will receive quarterly cash payments in each calendar quarter that the promissory notes are outstanding in an amount equal to 50% of cumulative year to date adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") of the acquired business for the relevant calendar quarter. Regardless of the Adjusted EBITDA generated, a minimum payment of $11.5 million is guaranteed in the first year following the closing of the transaction pursuant to one-year promissory notes. Together, these notes are referred to as the "GAM Promissory Notes". The Company has accounted for the Adjusted EBITDA payments as part of the notes as the required payments are not freestanding instruments, and are connected with the repayment of the GAM Promissory Notes.

Included in the $450 million minimum consideration the Company will receive for the sale of the business is approximately $50 million for the excess Supermetals inventory the Company sold to GAM in connection with the transaction. Payment for the excess inventory was made with a two-year promissory note ("the GAM Inventory Note"), which is also secured by liens on the property and assets of the acquired business and guaranteed by the GAM corporate group. The GAM Inventory Note may be repaid at any time, and is subject to prepayment if excess cash flows, as defined in the agreement, are generated by the business. The GAM Inventory Note bears interest of 10% per annum beginning January 2013. If the GAM Promissory Notes are prepaid in full, the GAM Inventory Note must also be prepaid. Other than the $11.5 million guaranteed to be paid within the first year, the remaining balance of the GAM Promissory Notes and Inventory Note will mature in the second quarter of fiscal 2014.

The GAM Promissory Notes and Inventory Note (referred to collectively as the "GAM Notes") were recorded at their fair value of $273 million at the closing date. The fair value of the GAM Notes was based on the timing of expected cash flows and appropriate discount rates. The difference between the carrying value of the GAM Notes and the contractual payment obligation (the discount) is being accreted into interest income over the term of the GAM Notes. Payments made while the GAM Promissory Notes are outstanding that are contingent upon the finalization of the annual Adjusted EBITDA calculation will be recognized into interest income when such amount is known. The carrying value of the GAM Notes at June 30, 2012 is $253 million, of which $10 million is included in Prepaid expenses and other current assets on the Consolidated Balance Sheet as of June 30, 2012 and $243 million is presented as Notes receivable from sale of business.

The Company recorded an after-tax gain on the sale of $4 million, which is included in Income from discontinued operations, net of tax in the Consolidated Statements of Operations for the three months ended June 30, 2012 related to amounts received as post-closing purchase price adjustments. The Company recorded an after-tax gain on the sale of $190 million, which is included in Income from discontinued operations, net of tax in the Consolidated Statements of Operations for the nine months ended June 30, 2012. Additional amounts relating to pension settlements and other items as defined in the SPA will be recognized as discontinued operations when finalized or settled.

The operating results of the Supermetals Business prior to the sale are reported within Income from discontinued operations, net of tax, in the Consolidated Statements of Operations and have been excluded from segment results presented in Note N. The assets and liabilities associated with the Supermetals Business are presented as Assets held for sale and Liabilities held for sale in the Consolidated Balance Sheet as of September 30, 2011. All previously reported financial information has been recast to conform to the current presentation.

CABOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2012
UNAUDITED

The following table summarizes the results from discontinued operations during the three months and nine months ended June 30, 2012 and 2011:

	Three Months Ended June 30		Nine Months Ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Net sales and other operating revenues	$ —	$ 47	$ 46	$ 158
Income from operations before income taxes	—	21	21	69
Provision for income taxes on operations	—	(8)	(7)	(24)
Income from operations, net of tax	—	13	14	45
Gain on sale of discontinued operations	6	—	300	—
Provision for income taxes on gain on sale	(2)	—	(110)	—
Gain on sale of discontinued operations, net of tax	4	—	190	—
Income from discontinued operations, net of tax	$ 4	$ 13	$ 204	$ 45

The following table summarizes the assets and liabilities held for sale in the Company's Consolidated Balance Sheet as of September 30, 2011. There are no material assets and liabilities held for sale of as June 30, 2012.

	September 30, 2011 (Dollars in millions)
Assets	
Accounts and notes receivable, net of reserve for doubtful accounts	$ 41
Inventories	64
Prepaid expenses and other current assets	1
Total Current assets held for sale	$ 106
Net property, plant and equipment	$ 39
Total Noncurrent assets held for sale	$ 39
Liabilities	
Accounts payable and accrued liabilities	$ 12
Total Current liabilities held for sale	$ 12
Other liabilities	$ 6
Total Noncurrent liabilities held for sale	$ 6

In connection with the sale of the Supermetals Business, the parties entered into a tantalum ore supply agreement under which the Company will sell to GAM all of the tantalum ore mined at the Company's mine in Manitoba, Canada, subject to a maximum amount, for a three-year period commencing in 2013. The Company also entered into a short-term transition services agreement for the Company to provide certain information technology applications and infrastructure and various administrative services to GAM in exchange for one time and monthly service fees. The future continuing cash flows from the disposed business to Cabot resulting from the tantalum ore supply agreement and transition services agreement are not significant and do not constitute a material continuing financial interest in the Supermetals Business. Revenues, costs and expenses arising from the tantalum ore supply agreement and transition services agreement are included in the Company's continuing operations.

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D. Employee Benefit Plans

Curtailment of employee benefit plan

During the nine months ended June 30, 2012, the Company incurred curtailments and settlement losses (gains) in the U.S. and foreign employee benefit plans as a result of the sale of the Supermetals business and the freezing of two defined benefit plans in foreign affiliates. The net impact of these items was a $1 million loss during the nine months ended June 30, 2012. During the first nine months of fiscal 2011, the Company incurred a curtailment in one of its foreign employee benefit plans as a result of the action taken in the 2009 Global Restructuring Plan. Associated with this curtailment, the Company recognized a $1 million benefit in the first nine months of fiscal 2011.

Net periodic defined benefit pension and other postretirement benefit costs

Net periodic defined benefit pension and other postretirement benefit costs include the following:

	Three Months Ended June 30							
	2012		2011		2012		2011	
	Pension Benefits				Postretirement Benefits			
	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign
	(Dollars in millions)							
Service cost	$ 1	$ 2	$ 1	$ 2	$—	$ —	$—	$ —
Interest cost	1	3	2	2	1	1	1	—
Expected return on plan assets	(2)	(3)	(2)	(3)	—	—	—	—
Amortization of prior service credit	—	—	—	—	—	—	—	—
Amortization of actuarial loss	—	1	—	—	—	—	—	—
Curtailment/settlement loss (gain)	—	—	—	—	—	—	—	—
Net periodic benefit cost	$—	$ 3	$ 1	$ 1	$ 1	$ 1	$ 1	$ —

	Nine Months Ended June 30							
	2012		2011		2012		2011	
	Pension Benefits				Postretirement Benefits			
	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign
	(Dollars in millions)							
Service cost	$ 4	$ 5	$ 3	$ 5	$—	$ —	$ 1	$ —
Interest cost	4	8	6	6	2	1	3	—
Expected return on plan assets	(6)	(9)	(6)	(9)	—	—	—	—
Amortization of prior service credit	—	—	—	—	(2)	—	(2)	—
Amortization of actuarial loss	1	2	—	2	—	—	—	—
Curtailment/settlement loss (gain)	1	1	—	(1)	(1)	—	—	—
Net periodic benefit cost	$ 4	$ 7	$ 3	$ 3	$ (1)	$ 1	$ 2	$ —

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E. Goodwill and Other Intangible Assets

The carrying amount of goodwill attributable to each reporting unit with goodwill balances for the periods ended June 30, 2012 and September 30, 2011 are as follows:

	Rubber Blacks	Fumed Metal Oxides	Security Materials	Total
	(Dollars in millions)			
Balance at September 30, 2011	$ 27	$ 11	$ 2	$ 40
Foreign currency translation adjustment	1	(1)	—	—
Balance at June 30, 2012	$ 28	$ 10	$ 2	$ 40

Goodwill impairment tests are performed at least annually. The Company performed its annual impairment assessment as of March 31, 2012 and determined there was no impairment. During the third quarter of fiscal 2012, the Company changed its annual goodwill impairment testing date from March 31 to May 31 of each year, which did not result in any delay, acceleration or avoidance of impairment. The Company believes this date of the annual goodwill impairment test is preferable because it aligns with the timing of the Company's annual strategic planning process. This change was applied prospectively beginning on May 31, 2012; retrospective application to prior periods is impracticable as the Company is unable to objectively determine, without the use of hindsight, the assumptions that would have been used in those earlier periods. In connection with this change, the Company performed an impairment assessment as of May 31, 2012 and it was concluded that there was no impairment.

Cabot does not have any indefinite-lived intangible assets. Cabot had $3 million of finite-lived intangible assets as of both June 30, 2012 and September 30, 2011. Intangible assets are amortized over their estimated useful lives, which range from six to fourteen years, with a weighted average period of twelve years. Amortization relative to these intangible assets is expected to aggregate to less than $1 million per year over the next five years.

F. Commitments and Contingencies

Purchase Commitments

Cabot has entered into long-term purchase agreements primarily for the purchase of raw materials. Under certain of these agreements the quantity of material being purchased is fixed, but the price paid changes as market prices change. For those commitments, the amounts included in the table below are based on market prices at June 30, 2012.

	Payments Due by Fiscal Year						
	Remainder of fiscal 2012	2013	2014	2015	2016	Thereafter	Total
	(Dollars in millions)						
Core Segment	$ 94	$254	$244	$246	$210	$ 2,807	$3,855
Performance Segment	9	38	33	33	32	285	430
Specialty Fluids Segment	2	2	—	—	—	—	4
Total	$ 105	$294	$277	$279	$242	$ 3,092	$4,289

Guarantee Agreements

Cabot has provided certain indemnities pursuant to which it may be required to make payments to an indemnified party in connection with certain transactions and agreements. In connection with certain acquisitions and divestitures, Cabot has provided routine indemnities with respect to such matters as environmental, tax, insurance, product and employee liabilities. In connection with various other agreements, including service and supply agreements, Cabot may provide routine indemnities for certain contingencies and routine warranties. Cabot is unable to estimate the maximum potential liability for these types of indemnities as a maximum obligation is not explicitly stated in most cases and the amounts, if any, are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be reasonably estimated. The duration of the indemnities vary, and in many cases are indefinite. Cabot has not recorded any liability for these indemnities in the consolidated financial statements, except as otherwise disclosed.

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Contingencies

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

Environmental Matters

As of June 30, 2012 and September 30, 2011, Cabot had $5 million and $6 million, respectively, on a discounted basis ($6 million and $7 million on an undiscounted basis at June 30, 2012 and September 30, 2011, respectively), reserved for environmental matters primarily related to divested businesses. These amounts represent Cabot's best estimates of its share of costs likely to be incurred at those sites where costs are reasonably estimable based on its analysis of the extent of clean up required, alternative clean up methods available, abilities of other responsible parties to contribute and its interpretation of laws and regulations applicable to each site. Cabot reviews the adequacy of this reserve as circumstances change at individual sites. Cash payments related to these environmental matters were $1 million and $2 million, respectively, in each of the first nine months of fiscal 2012 and 2011.

In June 2009, Cabot received an information request from the United States Environmental Protection Agency ("EPA") regarding Cabot's carbon black manufacturing facility in Pampa, Texas. The information request relates to the Pampa facility's compliance with certain regulatory and permitting requirements under the Clean Air Act, including the New Source Review ("NSR") construction permitting requirements. EPA has indicated that this information request is part of an EPA national initiative focused on the U.S. carbon black manufacturing sector. Cabot responded to EPA's information request in August 2009 and is in discussions with EPA. Based upon the Company's discussions with EPA and how EPA has handled similar NSR initiatives with other industrial sectors, it is anticipated that EPA will seek to require Cabot to employ additional control devices or approaches with respect to emissions at certain U.S. facilities and seek a civil penalty from Cabot. The costs of such additional control devices would likely be capital in nature and would likely impact the Consolidated Statement of Operations over the depreciable lives of the associated assets.

Other Matters

Respirator Liabilities

Cabot has exposure in connection with a safety respiratory products business that a subsidiary acquired from American Optical Corporation ("AO") in an April 1990 asset purchase transaction. The subsidiary manufactured respirators under the AO brand and disposed of that business in July 1995. In connection with its acquisition of the business, the subsidiary agreed, in certain circumstances, to assume a portion of AO's liabilities, including costs of legal fees together with amounts paid in settlements and judgments, allocable to AO respiratory products used prior to the 1990 purchase by the Cabot subsidiary. As more fully described in the 2011 10-K, the Company's respirator liabilities involve claims for personal injury, including asbestosis, silicosis and coal worker's pneumoconiosis, allegedly resulting from the use of respirators that are alleged to have been negligently designed or labeled.

As of June 30, 2012 and September 30, 2011, there were approximately 41,000 and 42,000 claimants, respectively, in pending cases asserting claims against AO in connection with respiratory products. Cabot has a reserve to cover its expected share of liability for existing and future respirator liability claims. The book value of the reserve is being accreted up to the undiscounted liability through interest expense over the expected cash flow period, which is through 2062. At June 30, 2012 and September 30, 2011, the reserve was $9 million and $11 million, respectively, on a discounted basis ($14 million and $16 million on an undiscounted basis at June 30, 2012 and September 30, 2011, respectively). Cash payments related to this liability were $2 million and $3 million in the first nine months of fiscal 2012 and 2011, respectively.

Other

The Company has various other lawsuits, claims and contingent liabilities arising in the ordinary course of its business and with respect to the Company's divested businesses. In the opinion of the Company, although final disposition of some or all of these other suits and claims may impact the Company's financial statements in a particular period, they should not, in the aggregate, have a material adverse effect on the Company's financial position.

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G. Income Tax Uncertainties

Cabot files U.S. federal and state and non-U.S. income tax returns in jurisdictions with varying statutes of limitations. The 2007 through 2011 tax years remain subject to examination by the IRS and various tax years from 2004 through 2011 remain subject to examination by the respective state tax authorities. In significant non-U.S. jurisdictions, various tax years from 2001 through 2011 remain subject to examination by their respective tax authorities. Cabot's significant non-U.S. jurisdictions include Australia, Canada, China, France, Germany, Italy, Japan, Malaysia, the Netherlands, and the United Kingdom.

Certain Cabot subsidiaries are under audit in jurisdictions outside of the U.S. In addition, certain statutes of limitations are scheduled to expire in the near future. It is reasonably possible that a further change in the unrecognized tax benefits may occur within the next twelve months related to the settlement of one or more of these audits or the lapse of applicable statutes of limitations; however, an estimated range of the impact on the unrecognized tax benefits cannot be quantified at this time.

During the three and nine months ended June 30, 2012, there were no material changes in the amount of unrecognized tax benefits.

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H. Earnings Per Share

The following tables summarize the components of the basic and diluted earnings per common share computations:

	Three Months Ended June 30		Nine Months Ended June 30	
	2012	2011	2012	2011
	(Dollars and shares in millions, except per share amounts)			
Basic EPS:				
Net income attributable to Cabot Corporation	$ 66	$ 60	$ 352	$ 186
Less: Dividends and dividend equivalents to participating securities	—	—	—	1
Less: Undistributed earnings allocated to participating securities[1]	—	—	3	2
Earnings allocated to common shareholders (numerator)	$ 66	$ 60	$ 349	$ 183
Weighted average common shares and participating securities outstanding	64.0	65.4	63.9	65.4
Less: Participating securities[1]	0.6	0.7	0.6	0.8
Adjusted weighted average common shares (denominator)	63.4	64.7	63.3	64.6
Amounts per share - basic:				
Income from continuing operations attributable to Cabot Corporation	$ 0.97	$ 0.74	$ 2.32	$ 2.16
Income from discontinued operations	0.07	0.19	3.18	0.68
Net income attributable to Cabot Corporation	$ 1.04	$ 0.93	$ 5.50	$ 2.84
Diluted EPS:				
Earnings allocated to common shareholders	$ 66	$ 60	$ 349	$ 183
Plus: Earnings allocated to participating securities	—	—	3	3
Less: Adjusted earnings allocated to participating securities[2]	—	—	(3)	(3)
Earnings allocated to common shareholders (numerator)	$ 66	$ 60	$ 349	$ 183
Adjusted weighted average common shares outstanding	63.4	64.7	63.3	64.6
Effect of dilutive securities:				
Common shares issuable[3]	0.9	0.9	0.9	0.8
Adjusted weighted average common shares (denominator)	64.3	65.6	64.2	65.4
Amounts per share - diluted:				
Income from continuing operations attributable to Cabot Corporation	$ 0.96	$ 0.73	$ 2.29	$ 2.13
Income from discontinued operations	0.06	0.19	3.14	0.68
Net income attributable to Cabot Corporation	$ 1.02	$ 0.92	$ 5.43	$ 2.81

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(1) Participating securities consist of shares of unvested restricted stock, vested restricted stock awards held by employees in which Cabot has a security interest, and unvested time-based restricted stock units.

Undistributed earnings are the earnings which remain after dividends declared during the period are assumed to be distributed to the common and participating shareholders. Undistributed earnings are allocated to common and participating shareholders on the same basis as dividend distributions. The calculation of undistributed earnings is as follows:

	Three Months Ended June 30		Nine Months Ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Calculation of undistributed earnings:				
Net income attributable to Cabot Corporation	$ 66	$ 60	$ 352	$ 186
Less: Dividends declared on common stock	12	11	36	34
Less: Dividends declared on participating securities	—	—	—	1
Undistributed earnings	$ 54	$ 49	$ 316	$ 151
Allocation of undistributed earnings:				
Undistributed earnings allocated to common shareholders	$ 54	$ 49	$ 313	$ 149
Undistributed earnings allocated to participating shareholders	—	—	3	2
Undistributed earnings	$ 54	$ 49	$ 316	$ 151

(2) Undistributed earnings are adjusted for the assumed distribution of dividends to the dilutive securities, which are described in (3) below, and then reallocated to participating securities.

(3) Represents incremental shares of common stock from the (i) assumed exercise of stock options issued under Cabot's equity incentive plans; (ii) assumed issuance of shares to employees pursuant to the Company's Supplemental Retirement Savings Plan; and (iii) assumed issuance of shares under outstanding performance-based stock unit awards issued under Cabot's equity incentive plans. For the three and nine months ended June 30, 2012 , 236,000 and 392,000 incremental shares of common stock, respectively, were not included in the calculation of diluted earnings per share because the inclusion of these shares would have been antidilutive. For the three and nine months ended June 30, 2011, 121,000 and 271,000 incremental shares of common stock, respectively, were not included in the calculation of diluted earnings per share because the inclusion of these shares would have been antidilutive.

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I. Restructuring

Cabot's restructuring activities were recorded in the Consolidated Statements of Operations as follows:

	Three Months Ended June 30		Nine Months Ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Cost of sales	$ 2	$ 5	$ 13	$ 15
Selling and administrative expenses	—	—	1	1
Total	$ 2	$ 5	$ 14	$ 16

Details of these restructuring activities and the related reserves during the three months ended June 30, 2012 are as follows:

	Severance and Employee Benefits	Environmental Remediation	Asset Impairment and Accelerated Depreciation	Asset Sales	Other	Total
	(Dollars in millions)					
Reserve at March 31, 2012	$ 7	$ 2	$ —	$—	$ 2	$ 11
Charges	—	—	1	1	—	2
Costs charged against assets/liabilities	—	—	(1)	(1)	—	(2)
Cash paid	(3)	(1)	—	—	—	(4)
Reserve at June 30, 2012	$ 4	$ 1	$ —	$—	$ 2	$ 7

Details of these restructuring activities and the related reserves during the nine months ended June 30, 2012 are as follows:

	Severance and Employee Benefits	Environmental Remediation	Asset Impairment and Accelerated Depreciation	Asset Sales	Other	Total
	(Dollars in millions)					
Reserve at September 30, 2011	$ 9	$ —	$ —	$—	$ 2	$ 11
Charges	3	3	5	1	2	14
Costs charged against assets / liabilities	(1)	—	(5)	(2)	—	(8)
Proceeds from sale	—	—	—	1	—	1
Cash paid	(7)	(2)	—	—	(2)	(11)
Reserve at June 30, 2012	$ 4	$ 1	$ —	$—	$ 2	$ 7

Closure of Hong Kong, China Manufacturing Facility

In March 2012, the Company ceased manufacturing operations at its thermoplastic concentrates plant in Hong Kong and moved these operations primarily to its facility in Tianjin, China. The decision, which impacts 64 employees, was made to consolidate all of these operations in one plant that is closer to the Company's customers in Asia, and to use fully the advanced process technologies available in Tianjin.

The Company expects the closure plan will result in a total pre-tax charge to earnings of approximately $9 million. Through June 30, 2012 the Company has charged approximately $5 million to earnings for this restructuring, comprised mainly of accelerated depreciation and severance charges.

Cumulative net cash outlays related to this plan are expected to be approximately $4 million comprised primarily of $2 million for severance and $2 million for post close operations. Through June 30, 2012, Cabot has made cash payments of approximately $1 million. The Company expects to make net cash payments of $1 million during the remainder of 2012 and $2 million thereafter.

As of June 30, 2012, Cabot has $1 million of accrued restructuring costs in the Consolidated Balance Sheet related to this site closure, mainly for accrued severance charges.

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Closure of Grigno, Italy Manufacturing Facility and Other Activities

In February 2011, the Company closed its thermoplastic concentrates manufacturing facility in Grigno, Italy. The decision to close the facility was made to align Cabot's manufacturing capabilities with the market outlook and Cabot's Performance Segment strategy. The closure, which affected 37 employees, has resulted in $6 million of charges to earnings and is comprised of $3 million for severance and employee benefits and $3 million for accelerated depreciation and asset impairments.

Through June 30, 2012, Cabot made $3 million of cash payments associated with this restructuring plan. The Company expects to make additional cash payments of less than $1 million during the remainder of fiscal 2012 and thereafter.

As of June 30, 2012, Cabot has less than $1 million of accrued severance costs in the Consolidated Balance Sheet related to this site closure.

In addition, during fiscal 2011, Cabot recorded approximately $5 million of severance-related restructuring charges at other locations. Through June 30, 2012 Cabot has made payments of $2 million related to these activities and expects to pay $2 million during the remainder of fiscal 2012 and $1 million in fiscal 2013.

Closure of Thane, India Manufacturing Facility

In fiscal 2010, Cabot ceased manufacturing operations at its carbon black manufacturing facility in Thane, India. The decision to close the facility, which affected approximately 120 employees, was made as a result of a broad reaching analysis of the Company's manufacturing assets, including their cost structure, ability to expand and a variety of other factors. The Company continues to maintain a presence in India through its fumed metal oxides manufacturing joint venture and continuing commercial operations in carbon black and other products.

The Company has incurred a total pre-tax charge of approximately $24 million and does not expect to incur significant additional costs related to this plan. These costs are comprised of $7 million for severance and employee benefits, $12 million for accelerated depreciation and asset impairments, $3 million for demolition and site clearing costs and $2 million for other post-closing costs. These amounts exclude any potential gain to be recognized on the sale of land and certain other manufacturing related assets.

Cumulative net cash outlays related to this plan are expected to be approximately $8 million. Through June 30, 2012, Cabot has made net cash payments of $8 million. The Company expects to make net cash payments of less than $1 million during the remainder of 2012. These amounts exclude any potential cash to be received on the sale of land and certain other manufacturing related assets.

As of June 30, 2012, Cabot has less than $1 million of accrued restructuring costs in the Consolidated Balance Sheet related to this site closure.

2009 Global Restructuring

In fiscal 2009, Cabot initiated its 2009 Global Restructuring Plan. Under this plan, the Company closed three manufacturing sites and implemented operating cost and workforce reductions across a variety of its other operations. In fiscal 2010, the Company consolidated several of its European administrative offices in a new European headquarters office in Switzerland.

The Company has recorded a cumulative pre-tax charge of $123 million related to this plan. The total amounts the Company has recorded for each major type of cost associated with the restructuring plan are: (i) severance and employee benefits of $55 million for approximately 400 employees, (ii) accelerated depreciation and impairment of facility assets of $45 million, net of gains associated with the sale of certain assets, (iii) demolition and site clearing costs of $7 million, and (iv) other post-closing costs of $16 million.

Net cash outlays related to these actions are expected to be approximately $72 million. Through June 30, 2012, Cabot has made net cash payments of $71 million. During the remainder of fiscal 2012 and thereafter, the Company expects to make net payments totaling $1 million, net of the expected proceeds from the sale of a former manufacturing site.

As of June 30, 2012, Cabot has $3 million of restructuring costs in accrued expenses in the Consolidated Balance Sheet related to this plan.

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J. Fair Value Measurements

The FASB authoritative guidance on fair value measurements defines fair value, provides a framework for measuring fair value in generally accepted accounting principles, and requires certain disclosures about fair value measurements. The disclosures focus on the inputs used to measure fair value. The guidance establishes the following hierarchy for categorizing these inputs:

Level 1 — Quoted market prices in active markets for identical assets or liabilities

Level 2 — Significant other observable inputs (e.g., quoted prices for similar items in active markets, quoted prices for identical or similar items in markets that are not active, inputs other than quoted prices that are observable such as interest rate and yield curves, and market-corroborated inputs)

Level 3 — Significant unobservable inputs

There were no transfers of financial assets or liabilities measured at fair value between Level 1 and Level 2, or transfers into or out of Level 3, during the first nine months of either fiscal 2012 or 2011.

As described in Note C, the GAM Promissory Notes and Inventory Note were recorded at their fair value of $273 million at the closing date of the sale of the Supermetals business to GAM. These notes are classified as Level 3 instruments within the fair value hierarchy because they are valued using a valuation model with significant unobservable inputs. See Note K for information on the valuation model and inputs used.

The following table presents information about the Company's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2012 and September 30, 2011. The derivatives presented in the table below are presented by derivative type.

	June 30, 2012 Level 2 Inputs	September 30, 2011 Level 2 Inputs
	(Dollars in millions)	
Assets at fair value:		
Guaranteed investment contract[1]	$ 13	$ 14
Derivatives relating to interest rates[2]	2	3
Total assets at fair value	$ 15	$ 17
Liabilities at fair value:		
Derivatives relating to foreign currency[2]	$ 21	$ 41
Hedged long-term debt[3]	60	61
Total liabilities at fair value	$ 81	$ 102

(1) Included in "Other assets" in the Consolidated Balance Sheets.
(2) Included in "Prepaid expenses and other current assets", "Other assets", "Accounts payable and accrued liabilities" or "Other liabilities" in the Consolidated Balance Sheets.
(3) Included in "Current portion of long-term debt" and "Long-term debt" in the Consolidated Balance Sheets.

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K. Fair Value of Financial Instruments

The carrying amounts and fair values of the Company's financial instruments at June 30, 2012 and September 30, 2011 are as follows:

	June 30, 2012		September 30, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(Dollars in millions)			
Assets:				
Cash and cash equivalents	$ 407	$407	$ 286	$ 286
GAM Promissory Notes and Inventory Note	253	252	—	—
Accounts and notes receivable	710	710	659	659
Derivative instruments	—	—	1	1
Liabilities:				
Notes payable to banks	102	102	86	86
Accounts payable and accrued liabilities	440	440	461	461
Long-term debt—fixed rate	572	637	585	633
Long-term debt—floating rate	9	9	15	15
Capital lease obligations	16	16	15	15
Derivative instruments	19	19	39	39

At June 30, 2012 and September 30, 2011, the fair values of cash and cash equivalents, accounts and notes receivable, accounts payable and accrued liabilities, and notes payable to banks approximated their carrying values due to the short-term nature of these instruments. The estimated fair values of derivative instruments are valued as described in Note J. The fair value of Cabot's fixed rate long-term debt and capital lease obligations are estimated based on comparable quoted market prices at the respective period ends. The carrying amount of Cabot's floating rate long-term debt approximates its fair value. As discussed in Note J, other than the GAM Promissory Notes and Inventory Note, all such measurements are based on observable inputs and are classified as Level 2 within the fair value hierarchy. The valuation technique used is the discounted cash flow model.

As described in Note J, the GAM Promissory Notes and Inventory Note are classified as Level 3 instruments within the fair value hierarchy because they are valued using a valuation model with significant unobservable inputs. The fair value of the GAM notes was $252 million at June 30, 2012. The valuation used is the discounted cash flow model and the significant inputs are the discount rate, Adjusted EBITDA forecast, and timing of expected cash flows from GAM.

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L. Financial Instruments

Risk Management

Cabot's business operations are exposed to changes in interest rates, foreign currency exchange rates and commodity prices because Cabot finances certain operations through long and short-term borrowings, denominates transactions in a variety of foreign currencies and purchases certain commoditized raw materials. Changes in these rates and prices may have an impact on future cash flows and earnings. The Company manages these risks through normal operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments.

The Company has policies governing the use of derivative instruments and does not enter into financial instruments for trading or speculative purposes.

By using derivative instruments, Cabot is subject to credit and market risk. If a counterparty fails to fulfill its performance obligations under a derivative contract, Cabot's credit risk will equal the fair value of the derivative. Generally, when the fair value of a derivative contract is positive, the counterparty owes Cabot, thus creating a payment risk for Cabot. The Company minimizes counterparty credit (or repayment) risk by entering into transactions with major financial institutions of investment grade credit rating. As of June 30,2012, the counterparties with which the Company has executed derivatives carried a Standard and Poor's credit rating between A and AA-, inclusive. Cabot's exposure to market risk is not hedged in a manner that completely eliminates the effects of changing market conditions on earnings or cash flow. No significant concentration of credit risk existed at June 30, 2012 or September 30, 2011.

Interest Rate Risk Management

Cabot's objective is to maintain a certain fixed-to-variable interest rate mix on the Company's debt obligations. Cabot enters into interest rate swaps as a hedge of the underlying debt instruments to effectively change the characteristics of the interest rate without changing the debt instrument. The following table provides details of the derivatives held as of June 30, 2012 and September 30, 2011 to manage interest rate risk.

Description	Borrowing	Notional Amount		Hedge Designation
		June 30, 2012	September 30, 2011	
Interest Rate Swap—Fixed to Variable	Eurobond (20% of $175 million)	USD 35 million	USD 35 million	Fair Value
Interest Rate Swap—Fixed to Variable	Medium Term Notes	USD 23 million	USD 23 million	Fair Value

Foreign Currency Risk Management

Cabot's international operations are subject to certain risks, including currency exchange rate fluctuations and government actions. Cabot endeavors to match the currency in which debt is issued to the currency of the Company's major, stable cash receipts. In some situations Cabot has issued debt denominated in U.S. dollars and then entered into cross currency swaps that exchange the dollar principal and interest payments into a currency where the Company expects long-term, stable cash receipts.

Additionally, the Company has foreign currency exposure arising from its net investments in foreign operations. Cabot, from time to time, enters into cross-currency swaps to mitigate the impact of currency rate changes on the Company's net investments.

The Company also has foreign currency exposure arising from the denomination of assets and liabilities in foreign currencies other than the functional currency of a given subsidiary as well as the risk that currency fluctuations could affect the dollar value of future cash flows generated in foreign currencies. Accordingly, Cabot uses forward contracts to minimize the exposure to foreign currency risk.

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In certain situations where the Company has forecasted purchases under a long-term commitment or forecasted sales denominated in a foreign currency, Cabot may enter into appropriate financial instruments in accordance with the Company's risk management policy to hedge future cash flow exposures. The following table provides details of the derivatives held as of June 30, 2012 and September 30, 2011 to manage foreign currency risk.

Description	Borrowing	Notional Amount		Hedge Designation
		June 30, 2012	September 30, 2011	
Cross Currency Swap	Eurobond (80% of $175 million)	USD 140 million swapped to EUR 124 million	USD 140 million swapped to EUR 124 million	No designation
Cross Currency Swap	Eurobond (20% of $175 million)	USD 35 million swapped to EUR 31 million	USD 35 million swapped to EUR 31 million	No designation
Forward Foreign Currency Contracts [1]	N/A	USD 76 million	USD 54 million	No designation
Forward Foreign Currency Contracts [2]	N/A	USD 7 million	USD 12 million	Cash Flow

(1) Cabot's forward foreign exchange contracts are denominated primarily in the Australian dollar, British pound sterling, Canadian dollar, Chinese renminbi, Euro, and Japanese yen.

(2) Cabot's forward foreign exchange contracts designated as cash flow hedges are denominated in Japanese yen and are presented in their USD equivalent in the table above.

Commodity Risk Management

Certain of Cabot's carbon black plants in Europe are subject to mandatory greenhouse gas emission trading schemes. Cabot's objective is to ensure compliance with the European Union Emission Trading Scheme, which is based upon a Cap-and-Trade system that establishes a maximum allowable emission credit for each ton of CO_2 emitted. European Union Allowances ("EUA") originate from the individual EU member state's country allocation process and are issued by that country's government. A company that has an excess of EUAs based on the CO_2 emissions limits may sell EUAs in the Emission Trading Scheme and if they have a shortfall, a company can buy EUAs or Certified Emission Reduction ("CER") units to comply.

In order to limit variability in cost to Cabot's European operations, the Company purchased CERs and sold EUAs, which settle in December 2012. The following table provides details of the derivatives held as of June 30, 2012 and September 30, 2011 to manage commodity risk.

Description	Net Buyer / Net Seller	Notional Amount		Hedge Designation
		June 30, 2012	September 30, 2011	
CERs	Buyer	EUR 1 million	EUR 1 million	No designation
EUAs	Seller	EUR 1 million	EUR 1 million	No designation

Accounting for Derivative Instruments and Hedging Activities

The Company determines the fair value of financial instruments using quoted market prices whenever available. When quoted market prices are not available for various types of financial instruments (such as forwards, options and swaps), the Company uses standard models with market-based inputs, which take into account the present value of estimated future cash flows and the ability of the financial counterparty to perform.

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Fair Value Hedge

For interest rate swaps designated as fair value hedges, the Company uses standard models with market-based inputs. The significant inputs to these models are interest rate curves for discounting future cash flows. For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting gain or loss on the hedged item attributable to the hedged risk are recognized in current period earnings.

Cash Flow Hedge

For foreign currency forward contracts designated as cash flow hedges, the Company uses standard models with market-based inputs. The significant inputs to these models are interest rate curves for discounting future cash flows, and exchange rate curves of the foreign currency for translating future cash flows. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is recorded in Accumulated other comprehensive income and reclassified to earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current period earnings.

Net Investment Hedge

For cross currency swaps designated as net investment hedges, the Company uses standard models with market-based inputs. The significant inputs to these models are interest rate curves for discounting future cash flows. For net investment hedges, changes in the fair value of the effective portion of the derivatives' gains or losses are reported as foreign currency translation gains or losses in Accumulated other comprehensive income while changes in the ineffective portion are reported in earnings. The gains or losses on derivative instruments reported in Accumulated other comprehensive income are reclassified to earnings in the period in which earnings are affected by the underlying item, such as a disposal or substantial liquidation of the entities being hedged. As of June 30, 2012, there were no open derivatives designated as net investment hedges.

Other Derivative Instruments

From time to time, the Company may enter into certain derivative instruments that may not be designated as hedges for accounting purposes, which include cross currency swaps, foreign currency forward contracts and commodity derivatives. For cross currency swaps and foreign currency forward contracts not designated as hedges, the Company uses standard models with market-based inputs. The significant inputs to these models are interest rate curves for discounting future cash flows, and exchange rate curves of the foreign currency for translating future cash flows. In determining the fair value of the commodity derivatives, the significant inputs to valuation models are quoted market prices of similar instruments in active markets. Although these derivatives do not qualify for hedge accounting, Cabot believes that such instruments are closely correlated with the underlying exposure, thus managing the associated risk. The gains or losses from changes in the fair value of derivative instruments that are not accounted for as hedges are recognized in current period earnings.

For both the three and nine months ended June 30, 2012 and 2011, for derivatives designated as hedges, the change in unrealized gains in Accumulated other comprehensive income, the hedge ineffectiveness recognized in earnings and the losses reclassified from Accumulated other comprehensive income to earnings were immaterial.

For the three and nine months ended June 30, 2012, losses of $12 million and of $17 million, respectively, were recognized in earnings as a result of the remeasurement to Euros of the $175 million bond issued by one of Cabot's European subsidiaries. These losses, which were recognized in earnings through Other (expense) income within the Consolidated Statement of Operations, were offset by gains of $13 million and $18 million, respectively, from Cabot's cross currency swaps that are not designated as hedges, but which Cabot entered into to offset the foreign currency translation exposure on the debt. Additionally, during the three and nine months ended June 30, 2012, Cabot recognized in earnings through Other (expense) income within the Consolidated Statement of Operations losses of $6 million and gains of $3 million, respectively, related to its foreign currency forward contracts, which were not designated as hedges.

For the three and nine months ended June 30, 2011, gains of $3 million and $9 million, respectively, were recognized in earnings as a result of the remeasurement to Euros of the $175 million bond issued by one of Cabot's European subsidiaries. These gains, which were recognized in earnings through Other (expense) income within the Consolidated Statement of Operations, were offset by losses of $3 million and $6 million, respectively, from Cabot's cross currency swaps that are not designated as hedges, but which Cabot entered into to offset the foreign currency translation exposure on the debt. Additionally, during the three and nine months ended June 30, 2011, Cabot recognized in earnings through Other (expense) income within the Consolidated Statement of Operations gains of less than $1 million and $1 million, respectively, related to its foreign currency forward contracts, which were not designated as hedges.

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The following table provides the fair value and Consolidated Balance Sheet presentations of derivative instruments by each derivative type, without regard to the legal right to offset derivative settlement by each counterparty.

	Consolidated Balance Sheet Caption	June 30, 2012	September 30, 2011
		(Dollars in millions)	
Fair Value of Derivative Instruments			
Asset Derivatives			
Derivatives designated as hedges			
Interest rate[1]	Prepaid expenses and other current assets and Other liabilities	$ 2	$ 3
Total derivatives designated as hedges		$ 2	$ 3
Derivatives not designated as hedges			
Foreign currency	Prepaid expenses and other current assets	$ —	$ 1
Commodity contracts[2]	Prepaid expenses and other current assets	1	1
Total derivatives not designated as hedges		$ 1	$ 2
Total Asset Derivatives		$ 3	$ 5
Liability Derivatives			
Derivatives designated as hedges			
Foreign currency	Accounts payable and accrued liabilities	$ —	$ 1
Total derivatives designated as hedges		—	1
Derivatives not designated as hedges			
Foreign currency[1]	Accounts payable and accrued liabilities and Other liabilities	$ 21	$ 41
Commodity contracts[2]	Prepaid expenses and other current assets	1	1
Total derivatives not designated as hedges		$ 22	$ 42
Total Liability Derivatives		$ 22	$ 43

(1) Contracts of $2 million and $3 million presented on a gross basis in this table at June 30, 2012 and September 30, 2011, respectively, have the legal right to offset against other types of contracts with a common counterparty and, therefore, are presented on a net basis in noncurrent “Other liabilities” in the Consolidated Balance Sheet.

(2) Contracts in an asset and liability position presented on a gross basis in this table have the legal right of offset and, therefore, are presented on a net basis in “Prepaid expenses and other current assets” in the Consolidated Balance Sheet.

See Note J “Fair Value Measurements” for classification of derivatives by input level. The net after-tax amounts to be reclassified from Accumulated other comprehensive income to earnings within the next 12 months are expected to be immaterial.

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M. Venezuela

Cabot owns 49% of an operating affiliate in Venezuela, which is accounted for as an equity affiliate, through wholly owned subsidiaries that carry the investment and receive its dividends. As of June 30, 2012, these subsidiaries carried the operating affiliate investment of $26 million and held 19 million bolivars ($4 million) in cash and dividends receivable.

Cabot determined, as of January 1, 2010, that the Venezuelan economy was highly inflationary. Accordingly, since the second quarter of fiscal 2010, Cabot has remeasured all transactions of the operating affiliate denominated in bolivars to U.S. dollars using the rate of 4.30 B/$ which continues to be the exchange rate in effect on June 30, 2012.

Given the uncertainties around the convertibility of the Venezuelan bolivar to the U.S. dollar and the ability of entities to actually repatriate U.S. dollars from Venezuela, the Company has endeavored, whenever possible, to repatriate the Company's cash from its Venezuelan subsidiaries using available mechanisms. At the same time, management has closely monitored its investment in the operating affiliate in Venezuela to ensure that the investment continues to be recoverable. The Company still intends to convert substantially all bolivars held by its Venezuelan subsidiaries to U.S. dollars as soon as practical and continues to monitor for opportunities to convert its bolivars through Venezuelan government, or government-backed, bond offerings.

N. Financial Information by Segment

Cabot is organized into four business segments: the Core Segment, the Performance Segment, the New Business Segment and the Specialty Fluids Segment. While the Chief Operating Decision Maker uses a number of performance measures to manage the performance of the segments and allocate resources to them, segment earnings before interest and taxes ("EBIT") is the measure that is most consistently used and is, therefore, the measure presented in the table below.

	Core Segment	Performance Segment	New Business Segment	Specialty Fluids Segment	Segment Total	Unallocated and Other	Consolidated Total
	(Dollars in millions)						
Three months ended June 30, 2012							
Revenues from external customers[1]	$ 517	$ 247	$ 29	$ 28	$ 821	$ 25	$ 846
Income (loss) before taxes[2]	$ 59	$ 38	$ 1	$ 11	$ 109	$ (31)	$ 78
Three months ended June 30, 2011							
Revenues from external customers[1]	$ 528	$ 240	$ 33	$ 12	$ 813	$ 23	$ 836
Income (loss) before taxes[2]	$ 57	$ 43	$ 3	$ 3	$ 106	$ (44)	$ 62
Nine months ended June 30, 2012							
Revenues from external customers[1]	$1,540	$ 687	$ 84	$ 69	$2,380	$ 72	$ 2,452
Income (loss) before taxes[2]	$ 186	$ 94	$ 1	$ 32	$ 313	$ (104)	$ 209
Nine months ended June 30, 2011							
Revenues from external customers[1]	$1,424	$ 652	$ 89	$ 42	$2,207	$ 62	$ 2,269
Income (loss) before taxes[2]	$ 145	$ 113	$ 7	$ 10	$ 275	$ (119)	$ 156

(1) Unallocated and Other reflects royalties paid by equity affiliates, external shipping and handling fees, and other operating revenues, which includes the impact of the corporate adjustment for unearned revenue.

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(2) Unallocated and Other includes certain items and eliminations that are not allocated to the operating segments. Management does not consider these items necessary for an understanding of the operating results of these segments and such amounts are excluded in the segment reporting to the Chief Operating Decision Maker. Income (loss) from continuing operations before taxes that are categorized as Unallocated and Other includes:

	Three Months Ended June 30		Nine Months Ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Interest expense	$ (11)	(9)	(30)	(29)
Total certain items, pre-tax[a]	(7)	(5)	(21)	(16)
Equity in net earnings of affiliated companies[b]	(4)	(2)	(8)	(6)
Unallocated corporate costs[c]	(12)	(13)	(44)	(40)
General unallocated income (expense)[d]	3	(15)	(1)	(28)
Total	$ (31)	$ (44)	$ (104)	$ (119)

(a) Certain items are items that management does not consider to be representative of segment results and they are, therefore, excluded from segment EBIT. Certain items, pre-tax, for the three months ended June 30, 2012 include costs associated with the acquisition of Norit of $5 million as discussed in Note O and global restructuring charges of $2 million as discussed in Note I. Certain items, pre-tax, for the nine months ended June 30, 2012 include costs associated with the acquisition of Norit of $5 million as discussed in Note O, global restructuring charges of $14 million as discussed in Note I and $2 million for environmental reserves and legal settlements. Certain items, pre-tax, for the three and nine months ended June 30, 2011 primarily relate to global restructuring charges as discussed in Note I.

(b) Equity in net earnings of affiliated companies is included in segment EBIT and is removed from Unallocated and Other to reconcile to segment EBIT.

(c) Unallocated corporate costs are not controlled by the segments and primarily benefit corporate interests.

(d) General unallocated expense consists of gain (losses) arising from foreign currency transactions, net of other foreign currency risk management activities, the impact of accounting for certain inventory on a LIFO basis, and the profit or loss related to the corporate adjustment for unearned revenue.

The Performance Segment is comprised of two product lines: specialty grades of carbon black and masterbatch products (referred to together as “Performance Products”); and fumed silica, fumed alumina and dispersions thereof (referred to together as “Fumed Metal Oxides”). The net sales from each of these businesses for the three and nine months ended June 30, 2012 and 2011 are as follows:

	Three Months Ended June 30		Nine Months Ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Performance Products Business	$ 181	$ 173	$ 505	$ 464
Fumed Metal Oxides Business	66	67	182	188
Total Performance Segment	$ 247	$ 240	$ 687	$ 652

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The New Business Segment is comprised of the Inkjet Colorants, Aerogel, Cabot Superior MicroPowders, and Cabot Elastomer Composites Businesses. The net sales from each of these businesses for the three and nine months ended June 30, 2012 and 2011 are as follows:

	Three Months Ended June 30		Nine Months Ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Inkjet Colorants Business	$ 18	$ 20	$ 48	$ 50
Aerogel Business	3	8	12	19
Cabot Superior MicroPowders Business	2	2	7	8
Cabot Elastomer Composites Business	6	3	17	12
Total New Business Segment	$ 29	$ 33	$ 84	$ 89

O. Subsequent Events

On July 31, 2012, Cabot completed the acquisition of Norit N.V. and its subsidiaries (“Norit”), paying approximately $1.1 billion in cash to purchase all of the issued and outstanding share capital of Norit. The Company has incurred acquisition costs of approximately $5 million through June 30, 2012, which is included in Selling and administrative expenses. Norit will be reported as a stand-alone segment named Purification Solutions. Goodwill generated from the acquisition will not be deductible for tax purposes.

Norit develops, manufactures, and sells high-grade activated carbons used in a range of environmental, health, safety and industrial applications. Cabot’s purchase of Norit supports the Company’s ongoing transformation to a higher margin, less cyclical, specialty chemicals and performance materials company.

Given the recent date of the acquisition, the Company has not completed the detailed valuation analysis necessary to finalize the associated purchase accounting. As a result, the Company has not provided additional disclosures related to the business combination.

On July 12, 2012, Cabot issued $250 million aggregate principal amount of 2.550% Senior Notes due 2018 (the “2018 Notes”) and $350 million aggregate principal amount of 3.700% Senior Notes due 2022 (the “2022 Notes”). The Company will pay interest on the 2018 Notes and 2022 Notes on January 15 and July 15 of each year, beginning January 15, 2013. The Company used the net proceeds from the 2018 and 2022 Notes to finance a portion of the acquisition of Norit.

On July 13, 2012, Cabot exercised the expansion option under its Credit Agreement (“Facility”) to effect a $200 million increase in the aggregate commitments available. There were no changes to the terms of the Facility. Following the expansion, aggregate commitments under the Facility equaled $750 million. The Company used the Facility and cash on hand to fund the remaining portion of the acquisition of Norit.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Critical Accounting Policies

The preparation of our financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses and related disclosure of contingent assets and liabilities. We consider an accounting estimate to be critical to the financial statements if (i) the estimate is complex in nature or requires a high degree of judgment and (ii) different estimates and assumptions were used, the results could have a material impact on the consolidated financial statements. On an ongoing basis, we evaluate our policies and estimates. We base our estimates on historical experience, current conditions and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The estimates that we believe are critical to the preparation of the consolidated financial statements are presented below.

Revenue Recognition and Accounts Receivable

We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the sales price is fixed or determinable and collectibility is reasonably assured. We generally are able to ensure that products meet customer specifications prior to shipment. If we are unable to determine that the product has met the specified objective criteria prior to shipment or if title has not transferred because of sales terms, the revenue is considered "unearned" and is deferred until the revenue recognition criteria are met. Shipping and handling charges related to sales transactions are recorded as sales revenue when billed to customers or included in the sales price.

The following table shows the relative size of the revenue recognized in each of our reportable segments.

	Three months ended June 30		Nine months ended June 30	
	2012	2011	2012	2011
Core Segment	63%	65%	65%	65%
Performance Segment	30%	30%	29%	30%
New Business Segment	4%	4%	3%	4%
Specialty Fluids Segment	3%	1%	3%	1%

We derive substantially all of our revenues from the sale of products in our Core and Performance Segments. Revenue from these products is typically recognized when the product is shipped and title and risk of loss have passed to the customer. We offer certain customers cash discounts and volume rebates as sales incentives. The discounts and volume rebates are recorded as a reduction in sales at the time revenue is recognized and are estimated based on historical experience and contractual obligations. We periodically review the assumptions underlying the estimates of discounts and volume rebates and adjust revenues accordingly.

Revenue in the New Business Segment is typically recognized when the product is shipped and title and risk of loss have passed to the customer. Depending on the nature of the contract with the customer, a portion of the segment's revenue may be recognized using proportional performance.

A significant portion of the revenue in the Specialty Fluids Segment typically arises from the rental of cesium formate. This revenue is recognized throughout the rental period based on the contracted rental terms. Customers are also billed and revenue is recognized, typically at the end of the job, for cesium formate product that is not returned. We also generate revenues from the sale of cesium formate outside of a rental process and revenue is recognized upon delivery of the fluid.

We maintain allowances for doubtful accounts based on an assessment of the collectibility of specific customer accounts, the aging of accounts receivable and other economic information on both an historical and prospective basis. Customer account balances are charged against the allowance when it is probable the receivable will not be recovered. Changes in the allowance during the first nine months of fiscal 2012 and 2011 were immaterial. There is no off-balance sheet credit exposure related to customer receivable balances.

Goodwill

As of June 30, 2012, our goodwill balance is allocated between three reporting units as follows: Rubber Blacks $28 million, Fumed Metal Oxides $10 million, and Security Materials $2 million. Goodwill is comprised of the cost of business acquisitions in excess of the fair value assigned to the net tangible and identifiable intangible assets acquired. Goodwill is not amortized but is reviewed for impairment annually, or when events or changes in the business environment indicate that the carrying value of the reporting unit may exceed its fair value.

Goodwill is tested for impairment at the reporting unit level annually, or more frequently when events or changes in circumstances indicate that the fair value of a reporting unit has more likely than not declined below its carrying value. During fiscal 2012, we adopted the authoritative guidance that simplifies how entities test goodwill for impairment and permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value amount and as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. Alternatively, we may elect to proceed directly to the two-step goodwill impairment test. If an initial qualitative assessment identifies that it is more likely than not that the carrying value of a reporting unit exceeds its estimated fair value, additional quantitative evaluation is performed under the two-step impairment test. If based on the quantitative evaluation the fair value of the reporting unit is less than its carrying amount, we perform an analysis of the fair value of all assets and liabilities of the reporting unit. If the implied fair value of the reporting unit's goodwill is determined to be less than its carrying amount, an impairment is recognized for the difference. We primarily utilize a discounted cash flow methodology to calculate the fair value of its reporting units.

We performed our annual impairment assessment as of March 31, 2012 and determined that there was no impairment. During the third quarter of fiscal 2012, we changed our annual goodwill impairment testing date from March 31 to May 31 of each year. In connection with this change, we performed an impairment assessment as of May 31, 2012 and consistent with the March 31, 2012 assessment, it was concluded that there was no impairment. See Note E for further information on goodwill. There has been no goodwill impairment charge during either of the periods presented in these consolidated financial statements.

Financial Instruments

Our financial instruments consist primarily of cash and cash equivalents, accounts and notes receivable, investments, notes receivable from the sale of business, accounts payable and accrued liabilities, short-term and long-term debt, and derivative instruments. The carrying values of our financial instruments approximate fair value with the exception of our long-term debt that has not been designated as part of a fair value hedge. The non-hedged long-term debt is recorded at amortized cost. The fair values of our financial instruments are based on quoted market prices, if such prices are available. In situations where quoted market prices are not available, we rely on valuation models to derive fair value. For interest rate swaps and cross currency swaps, we use standard models with market-based inputs. The significant inputs to these models are interest rate curves for discounting future cash flows. In determining the fair value of the commodity derivatives, the significant inputs to valuation models are quoted market prices of similar instruments in active markets. Such valuation takes into account the ability of the financial counterparty to perform. For the GAM Promissory Notes and Inventory Note, which are included in Prepaid expenses and other current assets and Notes receivable from sale of business in the Consolidated Balance Sheet, we use the discounted cash flow model and the significant inputs are the discount rate, Adjusted EBITDA forecast, and timing of expected cash flows from GAM. A failure of GAM to pay the notes receivable could have an impact on the fair value of the notes.

We use derivative financial instruments primarily for purposes of hedging exposures to fluctuations in interest rates and foreign currency exchange rates, which exist as part of our on-going business operations. We do not enter into derivative contracts for speculative purposes, nor do we hold or issue any derivative contracts for trading purposes. All derivatives are recognized on our consolidated balance sheets at fair value. Where we have a legal right to offset derivative settlements under a master netting agreement with a counterparty, derivatives with that counterparty are presented on a net basis. The changes in the fair value of derivatives are recorded in either earnings or Accumulated other comprehensive income, depending on whether or not the instrument is designated as part of a hedge transaction and, if designated as part of a hedge transaction, the type of hedge transaction. The gains or losses on derivative instruments reported in Accumulated other comprehensive income are reclassified to earnings in the period in which earnings are affected by the underlying hedged item. The ineffective portion of all hedges is recognized in earnings during the period in which the ineffectiveness occurs.

In accordance with our risk management strategy, we may enter into certain derivative instruments that may not be designated as hedges for accounting purposes. Although these derivatives are not designated as hedges, we believe that such instruments are closely correlated with the underlying exposure, thus managing the associated risk. We record in earnings the gains or losses from changes in the fair value of derivative instruments that are not designated as hedges. Cash movements associated with these instruments are presented in the Consolidated Statement of Cash Flows as Cash Flows from Operating Activities because the derivatives are designed to mitigate risk on our cash flow from operations. Assets and liabilities measured at fair value, including assets that are part of our defined benefit pension plans, are classified in the fair value hierarchy based on the inputs used for valuation. Assets that are traded on an exchange with a quoted price are classified as Level 1. Assets and liabilities that are valued based on quoted prices for similar assets or liabilities in active markets, or standard pricing models using observable inputs are classified as Level 2. Assets that are valued using unobservable inputs based on the Company's assessment of the assumptions that market participants would use in pricing the asset or liability are classified as Level 3. The sensitivity of fair value estimates is immaterial relative to the assets and liabilities measured at fair value, as well as to our total equity, as of June 30, 2012.

Litigation and Contingencies

We are involved in litigation in the ordinary course of business, including personal injury and environmental litigation. After consultation with counsel, as appropriate, we accrue a liability for litigation when it is probable that a liability has been incurred and the amount can be reasonably estimated. The estimated reserves are recorded based on our best estimate of the liability associated with such matters or the low end of the estimated range of liability if we are unable to identify a better estimate within that range. Our best estimate is determined through the evaluation of various information, including claims, settlement offers, demands by government agencies, estimates performed by independent third parties, identification of other responsible parties and an assessment of their ability to contribute, and our prior experience. Litigation is highly uncertain and there is always the possibility of an unusual result in any particular case that may reduce our earnings and cash flows.

The most significant reserves that we have established are for environmental remediation and respirator litigation claims. The amount accrued for environmental matters reflects our assumptions about remediation requirements at the contaminated sites, the nature of the remedies, the outcome of discussions with regulatory agencies and other potentially responsible parties at multi-party sites, and the number and financial viability of other potentially responsible parties. A portion of the reserve for environmental matters is recognized on a discounted basis, which requires the use of an estimated discount rate and estimates of future cash flows associated with the liability. These liabilities can be affected by the availability of new information, changes in the assumptions on which the accruals are based, unanticipated government enforcement action or changes in applicable government laws and regulations, which could result in higher or lower costs.

Our current estimate of the cost of our share of existing and future respirator liability claims is based on facts and circumstances existing at this time and the amount accrued is recognized on a discounted basis. Developments that could affect our estimate include, but are not limited to, (i) significant changes in the number of future claims, (ii) changes in the rate of dismissals without payment of pending silica and non-malignant asbestos claims, (iii) significant changes in the average cost of resolving claims, (iv) significant changes in the legal costs of defending these claims, (v) changes in the nature of claims received, (vi) changes in the law and procedure applicable to these claims, (vii) the financial viability of other parties which contribute to the settlement of respirator claims, (viii) a change in the availability of insurance coverage maintained by the entity from which we acquired the safety respiratory products business or the indemnity provided by its former owner, (ix) changes in the allocation of costs among the various parties paying legal and settlement costs and (x) a determination that our assumptions regarding contractual obligations on which we have estimated our share of liability are inaccurate. We cannot determine the impact of these potential developments on our current estimate of our share of liability for these existing and future claims. Accordingly, the actual amount of these liabilities for existing and future claims could be different than the reserved amount. Further, if the timing of our actual payments made for respirator claims differs significantly from our estimated payment schedule, and we determine that we can no longer reasonably predict the timing of such payments, we could then be required to record the reserve amount on an undiscounted basis on our Consolidated Balance Sheets, causing an immediate impact to earnings.

Income Taxes

Our business operations are global in nature, and we are subject to taxes in numerous jurisdictions. Tax laws and tax rates vary substantially in these jurisdictions and are subject to change based on the political and economic climate in those countries. We file our tax returns in accordance with our interpretations of each jurisdiction’s tax laws.

Significant judgment is required in determining our worldwide provision for income taxes and recording the related tax assets and liabilities. In the ordinary course of our business, there are operational decisions, transactions, facts and circumstances, and calculations which make the ultimate tax determination uncertain. Furthermore, our tax positions are periodically subject to challenge by taxing authorities throughout the world. We have recorded reserves for taxes and associated interest and penalties that may become payable in future years as a result of audits by tax authorities. Any significant impact as a result of changes in underlying facts, law, tax rates, tax audit, or review could lead to adjustments to our income tax expense, our effective tax rate, and/or our cash flow.

We record our tax provision or benefit on an interim basis using an estimated annual effective tax rate. This rate is applied to the current period ordinary income or loss to determine the income tax provision or benefit allocated to the interim period. Losses from jurisdictions for which no benefit can be recognized and the income tax effects of unusual or infrequent items are excluded from the estimated annual effective tax rate and are recognized in the impacted interim period. The estimated annual effective tax rate may be significantly impacted by nondeductible expenses and our projected earnings mix by tax jurisdiction. Adjustments to the estimated annual effective income tax rate are recognized in the period when such estimates are revised.

We record benefits for uncertain tax positions based on an assessment of whether the position is more likely than not to be sustained by the taxing authorities. If this threshold is not met, no tax benefit of the uncertain tax position is recognized. If the threshold is met, the tax benefit that is recognized is the largest amount that is greater than 50% likely of being realized upon ultimate settlement. This analysis presumes the taxing authorities’ full knowledge of the positions taken and all relevant facts, but does not consider the time value of money. We also accrue for interest and penalties on these uncertain tax positions and include such charges in the income tax provision in the Consolidated Statements of Operations.

Additionally, we have established valuation allowances against a variety of deferred tax assets, including net operating loss carry forwards, foreign tax credits, and other income tax credits. Valuation allowances take into consideration our ability to use these deferred tax assets and reduce the value of such items to the amount that is deemed more likely than not to be recoverable. Our ability to utilize these deferred tax assets is dependent on achieving our forecast of future taxable operating income over an extended period of time. We review our forecast in relation to actual results and expected trends on a quarterly basis. Failure to achieve our operating income targets may change our assessment regarding the recoverability of our net deferred tax assets and such change could result in a valuation allowance being recorded against some or all of our net deferred tax assets. An increase in a valuation allowance would result in additional income tax expense, while a release of valuation allowances in periods when these tax attributes become realizable would reduce our income tax expense.

Restructuring Activities

Our consolidated financial statements detail specific charges relating to restructuring activities as well as the actual spending that has occurred against the resulting accruals. Our restructuring charges are estimates based on our preliminary assessments of (i) severance and other employee benefits to be granted to employees, which are based on known benefit formulas and identified job grades, (ii) costs to vacate certain facilities and (iii) asset impairments. Because these accruals are estimates, they are subject to change as a result of subsequent information that may come to our attention while executing the restructuring plans. These changes in estimates would then be reflected in our Consolidated Financial Statements.

Inventory Valuation

Inventories are stated at the lower of cost or market. The cost of all carbon black inventories in the U.S. is determined using the last-in, first-out (“LIFO”) method. Had we used the first-in, first-out (“FIFO”) method instead of the LIFO method for such inventories, the value of those inventories would have been $52 million and $53 million higher as of June 30, 2012 and September 30, 2011. The cost of Specialty Fluids inventories is determined using the average cost method. The cost of other U.S. and all non-U.S. inventories is determined using the FIFO method. In periods of rapidly rising or declining raw material costs, the inventory method we employ can have a significant impact on our profitability. Under our current LIFO method, when raw material costs are rising, our most recent higher priced purchases are the first to be charged to cost of sales. If, however, we were using a FIFO method, our purchases from earlier periods, which were at lower prices, would instead be the first charged to cost of sales. The opposite result could occur during a period of rapid decline in raw material costs.

During the three and nine months ended June 30, 2012, inventory quantities were reduced at our U.S. Rubber Blacks and Performance Products sites. These reductions led to liquidations of LIFO inventory quantities and resulted in a decrease of cost of goods sold of $1 million and an increase in net income of $1 million ($0.01 per diluted common share). No such reductions occurred in either the three or nine months ended June 30, 2011.

We review inventory for both potential obsolescence and potential loss of value periodically. In this review, we make assumptions about the future demand for and market value of our inventory and based on these assumptions estimate the amount of any obsolete, unmarketable or slow moving inventory. We write down the value of our inventories by an amount equal to the difference between the cost of the inventory and its estimated market value. Historically, such write-downs have not been significant. If actual market conditions are less favorable than those projected by management at the time of the assessment, however, additional inventory write-downs may be required, which could reduce our gross profit and our earnings.

Results of Operations

Definition of Terms

When discussing our results of operations, we use several terms. The term “product mix” refers to the various types and grades, or mix, of products sold in a particular business or segment during the period, and the positive or negative impact of that mix on the revenue or profitability of the business or segment. The discussion under the heading “Provision for income taxes” includes a discussion of our “operating tax rate”. In calculating our operating tax rate, we exclude (i) discrete tax items, which are unusual or infrequent items, (ii) other tax items, including the impact of the timing of losses in certain jurisdictions and the cumulative rate adjustment, and (iii) the impact of the certain items on both operating income and the tax provision. The term “LIFO” includes two factors: (i) the impact of current inventory costs being recognized immediately in cost of goods sold (“COGS”) under a last-in first-out method, compared to the older costs that would have been included in COGS under a first-in first-out method (“COGS impact”); and (ii) the impact of reductions in inventory quantities, causing historical inventory costs to flow through COGS (“liquidation impact”).

Cabot is organized into four business segments: the Core Segment, the Performance Segment, the New Business Segment and the Specialty Fluids Segment. Cabot is also organized for operational purposes into three geographic regions: the Americas; Europe, Middle East and Africa; and Asia Pacific. Discussions of all periods reflect these structures.

Overview

During the third quarter and first nine months of fiscal 2012, Income from continuing operations before income taxes and equity in net earnings of affiliated companies increased compared to the third quarter and first nine months of fiscal 2011. The increase in both comparative periods was principally driven by higher unit margins that resulted from price increases and a favorable product mix. This improvement was partially offset by lower volumes and higher fixed costs due mainly to the startup of additional capacity and higher spending to support growth.

During the third quarter of fiscal 2012, we entered into an agreement with N Beta S.à r.l. (the "Seller"), an affiliate of Doughty Hanson & Co Managers Limited and Euroland Investments B.V., to purchase from the Seller all of the issued and outstanding share capital of Norit N.V. ("Norit") for a purchase price of $1.1 billion. The transaction was completed on July 31, 2012.

During the first nine months of fiscal 2012, we completed the sale of our Supermetals Business and received cash payments related to the sale of $203 million. The $190 million gain on the sale is included in Income from discontinued operations, net of tax, for the first nine months of fiscal 2012, presented on the Consolidated Statements of Operations.

Third Quarter and First Nine Months Fiscal 2012 versus Third Quarter and First Nine Months Fiscal 2011—Consolidated

Net Sales and Gross Profit

	Three months ended June 30		Nine months ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Net sales and other operating revenues	$ 846	$ 836	$2,452	$2,269
Gross profit	$ 175	$ 152	$ 491	$ 417

The $10 million increase in net sales from the third quarter of fiscal 2011 to the third quarter of fiscal 2012 was due primarily to higher prices and a favorable product mix (combined $62 million) partially offset by lower volumes ($28 million) and the unfavorable effect of foreign currency translation ($26 million). For the first nine months of fiscal 2012, net sales increased by $183 million when compared to the same period of fiscal 2011. The increase was driven primarily by higher prices and a favorable product mix (combined $259 million) partially offset by lower volumes ($66 million) and the unfavorable effect of foreign currency translation ($16 million).

Gross profit increased by $23 million in the third quarter of fiscal 2012 and by $74 million in the first nine months of fiscal 2012 when compared to the same periods of fiscal 2011. The increase in both periods was principally driven by higher unit margins as higher prices and a favorable product mix more than offset higher raw material costs. This improvement was partially offset by lower volumes and higher fixed costs due mainly to the startup of additional capacity and higher spending to support growth.

Selling and Administrative Expenses

	Three months ended June 30		Nine months ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Selling and administrative expenses	$ 68	$ 61	$ 199	$ 186

Selling and administrative expenses increased by $7 million in the third quarter of fiscal 2012 and $13 million in the first nine months of fiscal 2012 when compared to the same periods of fiscal 2011. The increase in both periods was principally driven by higher spending to support growth across our businesses and higher professional fees and other costs related to the acquisition of Norit.

Research and Technical Expenses

	Three months ended June 30		Nine months ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Research and technical expenses	$ 17	$ 16	$ 54	$ 49

Research and technical expenses in the third quarter of fiscal 2012 increased $1 million when compared to the third quarter of fiscal 2011 due to higher spending to support business initiatives in the Core Segment. Research and technical expenses increased $5 million in the first nine months of fiscal 2012 when compared to the same period of fiscal 2011 due to fees for a new technology licensing agreement ($3 million) and higher spending to support business initiatives.

Interest and Dividend Income, Interest Expense and Other (Expense) Income

	Three months ended June 30		Nine months ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Interest and dividend income	$ 1	$ 1	$ 3	$ 2
Interest expense	$ (11)	$ (9)	$ (30)	$ (29)
Other (expense) income	$ (2)	$ (5)	$ (2)	$ 1

Interest and dividend income was $1 million higher in the first nine months of fiscal 2012 as compared to the same period in fiscal 2011 due to higher average cash and notes receivable balances during fiscal 2012.

Interest expense increased $2 million in the third quarter and $1 million in the first nine months of fiscal 2012 as compared to the same periods in fiscal 2011 due to a higher level of notes payable in fiscal 2012 as compared to the comparable periods of fiscal 2011.

Other (expense) income in the third quarter decreased $3 million as compared to the third quarter of fiscal 2011 due to the unfavorable impact of a change in the net worth tax in Colombia in fiscal 2011 that did not repeat in fiscal 2012 ($3 million). Other (expense) income in the first nine months of fiscal 2012 increased $3 million as compared to the same period of fiscal 2011 due to a $3 million benefit from a legal judgment recorded in the second quarter of fiscal 2011 that did not repeat in 2012 and the unfavorable comparison of foreign currency movements.

Provision for Income Taxes

	Three months ended June 30		Nine months ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Provision for income taxes	$ (16)	$ (10)	$ (55)	$ (4)

During the third quarter of fiscal 2012, we recorded a tax provision of $16 million, resulting in an overall tax rate of 20%. This amount included a net discrete tax benefit of $3 million. The operating tax rate for the third quarter of fiscal 2012 was 25%. In the third quarter of fiscal 2011, we recorded a net tax provision of $10 million, resulting in an overall 22% tax rate. This amount included net discrete tax benefits of $3 million. The operating tax rate for the third quarter of fiscal 2011 was approximately 24%. The increase in the operating tax rate in fiscal 2012 is primarily due to a change in our geographic mix of earnings.

For the first nine months of fiscal 2012, we recorded a net tax provision of $55 million, resulting in an overall tax rate of 26%. This amount included a net discrete tax benefit of $2 million. The operating tax rate for the first nine months of fiscal 2012 was approximately 25%. For the first nine months of fiscal 2011, we recorded a net tax provision of $4 million. This amount included net tax benefits of $23 million from the repatriation of high tax dividends in response to changes in U.S. tax legislation, $2 million from the recognition of tax credits in China, $2 million from the renewal of the U.S. research and experimentation credit, and $3 million from audit settlements. The operating tax rate for the first nine months of fiscal 2011 was approximately 25%.

We are currently under audit in a number of jurisdictions outside of the U.S. It is possible that some of these audits will be resolved in fiscal 2012, which may impact our tax expense and effective tax rate going forward. We expect our operating tax rate for fiscal 2012 to be between 25% and 26%.

Equity in Net Earnings of Affiliated Companies and Net Income Attributable to Noncontrolling Interests, Net of Tax

	Three months ended June 30		Nine months ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Equity in net earnings of affiliated companies, net of tax	$ 4	$ 2	$ 8	$ 6
Net income attributable to noncontrolling interests, net of tax	$ 4	$ 7	$ 14	$ 17

Equity in net earnings of affiliated companies for the third quarter of fiscal 2012 increased $2 million from the same period of fiscal 2011 as earnings of our affiliates improved.

Noncontrolling interest in net income is the means by which the minority shareholders' portion of the income in our consolidated joint ventures is removed from our Net income attributable to Cabot Corporation. For the third quarter and first nine months of fiscal 2012, net income attributable to noncontrolling interests decreased $3 million as compared to the comparative periods. The decrease was due to a decrease in profitability of our joint ventures in Malaysia and Indonesia due to lower sales volumes and higher raw material costs.

Income from Discontinued Operations, net of tax

During fiscal 2011, we entered into an agreement to sell our Supermetals Business and accordingly for all periods we have classified income from the Supermetals Business as Income from discontinued operations, net of tax. The sale of the Supermetals Business was completed during the second quarter of fiscal 2012. Income from discontinued operations, net of tax, decreased $9 million in the third quarter of fiscal 2012 when compared to the third quarter of fiscal 2011 because we are no longer operating the business. The $4 million of Income from discontinued operations, net of tax, recognized for the three months ended June 30, 2012 relates to post-closing price adjustments. Income from discontinued operations, net of tax, increased $159 million in the first nine months of fiscal 2012 when compared to the same period of fiscal 2011 driven by the gain on the sale of the Supermetals Business.

Net Income Attributable to Cabot Corporation

In the third quarter and first nine months of fiscal 2012, we reported Net income attributable to Cabot Corporation of $66 million and $352 million, ($1.02 and $5.43 per diluted common share), respectively. This is compared to $60 million and $186 million ($0.92 and $2.81 per diluted common share) in the third quarter and first nine months of fiscal 2011, respectively.

Third Quarter and First Nine Months Fiscal 2012 versus Third Quarter and First Nine Months Fiscal 2011—By Business Segment

Total segment EBIT, certain items, other unallocated items and income from continuing operations before taxes for the three and nine months ended June 30, 2012 and 2011 are set forth in the table below. The details of certain items and other unallocated items are shown below and in Note N of our consolidated financial statements.

	Three months ended June 30		Nine months ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Total segment EBIT	$ 109	$ 106	$ 313	$ 275
Certain items, pre-tax	(7)	(5)	(21)	(16)
Other unallocated items	(24)	(39)	(83)	(103)
Income from operations before income taxes	$ 78	$ 62	$ 209	$ 156

In the third quarter of fiscal 2012, total segment EBIT increased by $3 million when compared to the same period of fiscal 2011. The increase was principally driven by higher unit margins ($21 million) as higher prices and a favorable product mix more than offset the impact of higher raw material costs. These benefits were partially offset by lower volumes ($6 million) and higher fixed costs from the startup of new capacity and spending to support our growth initiatives ($13 million combined).

In the first nine months of fiscal 2012, total segment EBIT increased by $38 million when compared to the same period of fiscal 2011. The increase was principally driven by higher unit margins ($87 million) as higher prices and a favorable product mix more than offset the impact of higher raw material costs and the favorable effect of foreign currency translation ($8 million). The results were partially offset by lower volumes ($10 million) and higher fixed costs from the startup of new capacity and spending to support our growth initiatives ($47 million combined).

Certain Items

Details of the certain items for the third quarter and first nine months of fiscal 2012 and 2011 are as follows:

	Three months ended June 30		Nine months ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Global restructuring activities	$ (2)	$ (5)	$ (14)	$ (16)
Acquisition costs	(5)	—	(5)	—
Environmental reserves and legal settlements	—	—	(2)	—
Total certain items, pre-tax	(7)	(5)	(21)	(16)
Tax impact of certain items	—	(1)	2	2
Tax impact of Japan foreign exchange gains (losses)	1	—	(2)	—
Discrete tax items	3	4	2	30
Total tax certain items	4	3	2	32
Total certain items after tax	$ (3)	$ (2)	$ (19)	$ 16

Certain items for the third quarter and first nine months of fiscal 2012 include charges related to restructuring initiatives, acquisition costs, environmental and legal reserves, and tax certain items. Details of restructuring activities are included in Note I and acquisition costs consist of legal and professional fees associated with the acquisition of Norit. Tax certain items include discrete tax items, which are unusual and infrequent, and the tax impact of Japan foreign exchange gains (losses) that resulted after the sale of our Supermetals Business.

Other Unallocated Items

	Three months ended June 30		Nine months ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Interest expense	$ (11)	$ (9)	$ (30)	$ (29)
Equity in net earnings of affiliated companies, net of tax	(4)	(2)	(8)	(6)
Unallocated corporate costs	(12)	(13)	(44)	(40)
General unallocated income (expense)	3	(15)	(1)	(28)
Total other unallocated items	$ (24)	$ (39)	$ (83)	$ (103)

In the third quarter of fiscal 2012 costs from Total other unallocated items decreased by $15 million when compared to the same period of fiscal 2011. The decrease was primarily driven by an $18 million decrease in General unallocated income (expense) due to the COGS impact of LIFO accounting from changes in carbon black raw material costs that resulted in a favorable comparison ($15 million) and the unfavorable impact of a change in the net worth tax in Colombia in fiscal 2011 that did not repeat in fiscal 2012 ($3 million). In the first nine months of fiscal 2012, costs from Total other unallocated items decreased by $20 million when compared to the same period of fiscal 2011. The decrease was primarily driven by a $27 million decrease in General unallocated income (expense) due to the COGS impact of LIFO accounting from changes in carbon black raw material costs that resulted in a favorable comparison ($21 million), the absence of certain corporate pension and currency charges in fiscal 2011 that did not repeat in fiscal 2012 ($2 million), and the unfavorable impact of a change in the net worth tax in Colombia in fiscal 2011 that did not repeat in fiscal 2012 ($3 million). These decreases were partially offset by an increase in Unallocated corporate costs driven by fees for a new technology licensing agreement ($3 million).

Core Segment

Sales and EBIT for the Rubber Blacks Business for the third quarter and first nine months of fiscal 2012 and fiscal 2011 are as follows:

	Three months ended June 30		Nine months ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Rubber Blacks Business Sales	$ 517	$ 528	$1,540	$1,424
Rubber Blacks Business EBIT	$ 59	$ 57	$ 186	$ 145

Rubber Blacks Business

In the third quarter of fiscal 2012, sales in the Rubber Blacks Business decreased by $11 million when compared to the third quarter of fiscal 2011. The decrease was principally driven by 9% lower volumes ($49 million) and the unfavorable impact of foreign currency translation ($17 million), partially offset by higher prices and a favorable product mix (combined $56 million). In the first nine months of fiscal 2012, sales in the Rubber Blacks Business increased by $116 million when compared to the first nine months of fiscal 2011. The increase was principally driven by higher prices and a favorable product mix (combined $220 million), partially offset by lower volumes ($96 million) and the unfavorable impact of foreign currency translation ($8 million).

EBIT in the Rubber Blacks Business increased by $2 million in the third quarter of fiscal 2012 when compared to the same period of fiscal 2011. The increase was principally driven by higher unit margins ($24 million) as higher prices and a favorable product mix more than offset higher raw material costs. The impact of higher unit margins more than offset the effect of higher fixed manufacturing costs ($6 million) and lower volumes ($16 million). For the first nine months of fiscal 2012 when compared to the same period of fiscal 2011, Rubber Blacks EBIT increased by $41 million driven principally by higher unit margins ($84 million) with higher pricing and a favorable product mix more than offsetting higher raw material costs and the favorable impact of foreign currency translation ($7 million). The impact of higher unit margins more than offset the effect of higher fixed manufacturing costs ($18 million) and lower volumes ($31 million).

Performance Segment

Sales and EBIT for the Performance Segment for the third quarter and first nine months of fiscal 2012 and fiscal 2011 are as follows:

	Three months ended June 30		Nine months ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Performance Products Business Sales	$ 181	$ 173	$ 505	$ 464
Fumed Metal Oxides Business Sales	66	67	182	188
Segment Sales	$ 247	$ 240	$ 687	$ 652
Segment EBIT	$ 38	$ 43	$ 94	$ 113

In the third quarter of fiscal 2012, sales for the Performance Segment increased by $7 million when compared to the third quarter of fiscal 2011. The increase was principally driven by higher prices and a favorable product mix (combined $7 million) and higher volumes ($9 million). These benefits were partially offset by unfavorable foreign currency translation ($9 million). During the third quarter of fiscal 2012, volumes in Performance Products increased by 4% when compared to the same period of fiscal 2011 and Fumed Metal Oxides volumes increased by 3%. During the first nine months of fiscal 2012, sales in the Performance Segment increased by $35 million due to higher prices and a favorable product mix (combined $33 million), and the impact of higher volumes ($10 million), partially offset by the unfavorable impact of foreign currency translation ($8 million).

EBIT in the Performance Segment decreased by $5 million in the third quarter of fiscal 2012 when compared to the same quarter of fiscal 2011 driven primarily by higher fixed manufacturing costs from new capacity and increased segment management costs ($8 million combined) and lower unit margins ($2 million) from higher raw material costs. These decreases were partially offset by higher volumes ($5 million). For the first nine months of fiscal 2012, EBIT was $19 million lower when compared to the first nine months of fiscal 2011 driven by higher fixed manufacturing costs from new capacity and higher segment management costs ($25 million combined). This decrease was partially offset by higher volumes ($2 million) and improved unit margins ($4 million) from higher pricing and a favorable product mix that more than offset higher raw material costs.

New Business Segment

Sales and EBIT for the New Business Segment for the third quarter and first nine months of fiscal 2012 and 2011 are as follows:

	Three months ended June 30		Nine months ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Inkjet Colorants Business Sales	$ 18	$ 20	$ 48	$ 50
Aerogel Business Sales	3	8	12	19
Superior MicroPowders Sales	2	2	7	8
Cabot Elastomer Composites Sales	6	3	17	12
Segment Sales	$ 29	$ 33	$ 84	$ 89
Segment EBIT	$ 1	$ 3	$ 1	$ 7

Sales in the New Business Segment decreased by $4 million and $5 million in the third quarter and first nine months of fiscal 2012, respectively, when compared to the same periods of fiscal 2011. The decline in both periods is primarily due to lower volumes in the Aerogel and Inkjet Colorants Businesses. EBIT in the New Business Segment decreased by $2 million in the third quarter of fiscal 2012 and $6 million in the first nine months of fiscal 2012 when compared to the same periods of fiscal 2011. The decrease in both periods was driven by lower volumes in the Aerogel and Inkjet Colorants Businesses and higher fixed manufacturing costs from new capacity in the Inkjet Colorants Business.

Specialty Fluids Segment

Sales and EBIT for the Specialty Fluids Segment for the third quarter and first nine months of fiscal 2012 and fiscal 2011 are as follows:

	Three months ended June 30		Nine months ended June 30	
	2012	2011	2012	2011
	(Dollars in millions)			
Segment Sales	$ 28	$ 12	$ 69	$ 42
Segment EBIT	$ 11	$ 3	$ 32	$ 10

During the third quarter of fiscal 2012, sales and EBIT in the Specialty Fluids Segment were higher by $16 million and $8 million, respectively, than in the third quarter of fiscal 2011. The increase in both Sales and EBIT was driven by higher revenues related to the completion of larger and more complex jobs. For the first nine months of fiscal 2012, sales and EBIT increased by $27 million and $22 million, respectively, when compared to the same period of fiscal 2011. The increase in Sales and EBIT was principally due to higher revenue from more complex jobs that were larger and longer in duration and a more favorable sales mix of business driven by a significant product sale during the second quarter of fiscal 2012.

Cash Flows and Liquidity

Overview

Our liquidity position, as measured by cash and cash equivalents plus borrowing availability, increased by $138 million during the first nine months of fiscal 2012. The increase was primarily attributable to cash received from the sale of the Supermetals business, which closed during the second quarter of fiscal 2012, partially offset by cash used for working capital and the repurchase of approximately 1.1 million shares of our common stock on the open market. At June 30, 2012, we had cash and cash equivalents of $407 million, and current availability under our revolving credit agreement of approximately $538 million. The credit agreement contains affirmative, negative and financial covenants and events of default customary for financings of this type. The financial covenants in the credit agreement include interest coverage, debt-to-EBITDA and subsidiary debt to total capitalization ratios. As of June 30, 2012, we were in compliance with all applicable covenants.

In July 2012, we entered into several financing arrangements to finance, in part, our acquisition of Norit. Specifically, we issued $250 million of senior notes with a coupon rate of 2.55% maturing in 2018 and $350 million of senior notes with a coupon rate of 3.70% maturing in 2022 (referred to collectively as the “Notes”). Interest on the Notes is payable on January 15 and July 15 of each year, beginning on January 15, 2013. In addition, we exercised the expansion option under our revolving credit agreement, increasing to $750 million the aggregate commitments available thereunder. All of the proceeds from the issuance of the Notes was used to pay the purchase price for the acquisition and the balance of the purchase price was paid with borrowings under the credit agreement and cash on hand.

We anticipate sufficient liquidity from (i) cash on hand; (ii) cash flows from operating activities; and (iii) cash available from our credit agreement to meet our operational and capital investment needs and financial obligations for the foreseeable future. Our liquidity derived from cash flows from operations is, to a large degree, predicated on our ability to collect our receivables in a timely manner, the cost of our raw materials, and our ability to manage inventory levels.

We generally manage our cash and debt on a global basis to provide for working capital requirements as needed by region or site. Cash and debt are generally denominated in the local currency of the subsidiary holding the assets or liabilities, except where there are operational cash flow reasons to hold non-functional currency or debt. As of June 30, 2012 our USD equivalent holdings by region were: Asia Pacific $116 million, Europe $175 million, and the Americas $116 million, which included $73 million in the U.S.

Discontinued Operations

Our Consolidated Statements of Cash Flows have been presented to include discontinued operations with continuing operations. Therefore, unless noted otherwise, the following discussion of our cash flows and liquidity position include both continuing and discontinued operations.

In January 2012, we completed the sale of our Supermetals Business, which we classified as discontinued operations beginning in the fourth quarter of fiscal 2011 when we entered into the sale and purchase agreement for its sale. A detailed discussion of the transaction and the consideration we received appears in Note C in the Consolidated Financial Statements. In connection with the sale, we received $175 million on the closing date and notes for additional minimum consideration totaling approximately $277 million payable at various dates through the second quarter of fiscal 2014. In the third quarter of fiscal 2012 we received $22 million payable under the notes and an additional $6 million as a post-closing purchase price adjustment.

The following discussion of the changes in our cash balance refers to the various sections of our Consolidated Statements of Cash Flows.

Cash Flows from Operating Activities

Cash generated from operating activities, which consists of net income adjusted for the various non-cash items included in income, changes in working capital and changes in certain other balance sheet accounts, totaled $184 million in the first nine months of fiscal 2012 compared to $117 million during the same period of fiscal 2011. Cash generated from operating activities in the first nine months of fiscal 2012 was driven primarily by net income of $366 million, plus $111 million of depreciation and amortization. These increases were partially offset by a net increase in working capital of $125 million (inventories plus accounts and notes receivable, less accounts payable and accrued liabilities) and the $190 million related to the gain in sale of the Supermetals Business. Our working capital increase during the first nine months of fiscal 2012 was driven by higher raw material costs and higher pricing, and is comprised of higher accounts receivables of $75 million, higher inventories of $55 million, and higher accounts payable and accrued liabilities of $5 million.

Cash generated from operating activities in the first nine months of fiscal 2011 was driven primarily by net income of $203 million plus $105 million of depreciation and amortization and $16 million of non-cash compensation partially offset by a net increase in working capital of $181 million and non-cash tax benefits of $16 million. Our working capital increase in the first nine months of fiscal 2011 was driven principally by higher carbon black raw material costs experienced in the first nine months of fiscal 2011, which led to higher receivable balances due to price increases as well as higher inventory values. This working capital increase is comprised of higher accounts receivable of $96 million, higher inventories of $46 million and lower accounts payable and accrued liabilities of $39 million.

In addition to the items noted above, the following elements of operations have had or will have a bearing on operating cash flows:

Restructurings—As of June 30, 2012, we had $7 million of total restructuring costs in accrued expenses in the consolidated balance sheet related to our global restructuring activities. We made cash payments of $11 million during the first nine months of fiscal 2012 related to these restructuring plans. We expect to make cash payments related to these restructuring activities of approximately $5 million in fiscal 2012 and $3 million thereafter (which includes the $7 million accrued in the Consolidated Balance Sheet as of June 30, 2012).

Environmental and Litigation Matters—We have recorded a $5 million reserve on a discounted basis ($6 million on an undiscounted basis) as of June 30, 2012 for environmental remediation costs at various sites. These sites are primarily associated with businesses divested in prior years. We anticipate that the expenditures at these sites will be made over a number of years, and will not be concentrated in any one year. Additionally, as of June 30, 2012 we have recorded a $9 million reserve on a discounted basis ($14 million on an undiscounted basis) for respirator claims. These expenditures will also be incurred over several years. We also have other litigation costs arising in the ordinary course of business.

We expect cash on hand and cash provided from operations will be adequate to fund any cash requirements relating to restructuring, environmental and pending litigation matters.

Venezuela

We own 49% of an operating affiliate in Venezuela, which is accounted for as an equity affiliate, through wholly owned subsidiaries that carry the investment and receive its dividends. As of June 30, 2012, these subsidiaries carried the operating affiliate investment of $26 million, and held 19 million bolivars ($4 million) in cash and dividends receivable.

The Venezuelan bolivar may only be exchanged for foreign currencies through certain Venezuelan government controlled channels. The channels available are the Venezuelan central bank (“CADIVI”), Venezuelan government and government-backed bond offerings. The bond offerings use a bidding process, where companies and individuals requiring U.S. dollars place a request for a fixed sum, and CADIVI then determines how to allocate the pool of U.S. dollars in that issuance.

An inability to convert the operating affiliate’s earnings into U.S. dollars would be considered an indicator of impairment, requiring a full impairment analysis of our investment. Therefore, we closely monitor our ability to convert our bolivar holdings into U.S. dollars, as we still intend to convert substantially all bolivars held by our Venezuelan subsidiaries to U.S. dollars as soon as practical.

Any future change in the CADIVI official rate or opening of additional parallel markets could lead us to change the exchange rate and result in gains or losses on our bolivar denominated assets held by our subsidiaries.

Cash Flows from Investing Activities

Cash flows from investing activities were primarily driven by cash received from the sale of the Supermetals business partially offset by capital expenditures and generated $27 million of cash in the first nine months of fiscal 2012 compared to cash consumed of $138 million in fiscal 2011. In the first nine months of fiscal 2012, cash received from the sale of the Supermetals business was $203 million, which includes $22 million of cash received from the GAM notes, partially offset by capital expenditures of $176 million. Capital expenditures in fiscal 2012 were primarily related to sustaining and replacement capital projects for our operating facilities, investments in energy recovery technology, expansion of our global manufacturing footprint and capital spending required for process technology and product differentiation projects.

Capital expenditures in the first nine months of fiscal 2011 of $129 million were primarily related to replacement capital for our operating facilities, investments in energy recovery technology, expansion of our manufacturing footprint in the Asia Pacific region and capital spending required for process technology and product differentiation projects.

Capital expenditures for the remainder of fiscal 2012 are expected to be between $75 million to $100 million. Our planned capital spending program for the remainder of fiscal 2012 is primarily for higher spending for ongoing sustaining and replacement capital as well as investments in energy related projects and capacity expansions.

Cash Flows from Financing Activities

Financing activities consumed $74 million of cash during the first nine months of fiscal 2012 compared to $35 million of cash during the first nine months of fiscal 2011. In the first nine months of fiscal 2012, financing cash outflows included the repurchase of approximately 1.1 million shares of our common stock on the open market for approximately $36 million and dividend payments to our shareholders and noncontrolling interests of $36 million and $16 million, respectively. In the first nine months of fiscal 2011, financing cash outflows included dividend payments to our shareholders and noncontrolling interests of $35 million and $9 million, respectively, partially offset by a net increase in debt of $11 million.

Purchase Commitments

We have entered into long-term purchase agreements primarily for the purchase of raw materials. Under certain of these agreements the quantity of material being purchased is fixed, but the price paid changes as market prices change. For those commitments, the amounts included in the table below are based on market prices at June 30, 2012.

	Payments Due by Fiscal Year						
	Remainder of fiscal 2012	2013	2014	2015	2016	Thereafter	Total
	(Dollars in millions)						
Core Segment	$ 94	$254	$244	$246	$210	$ 2,807	$3,855
Performance Segment	9	38	33	33	32	285	430
Specialty Fluids Segment	2	2	—	—	—	—	4
Total	$ 105	$294	$277	$279	$242	$ 3,092	$4,289

Off-balance sheet arrangements

Cabot has no material transactions that meet the definition of an off-balance sheet arrangement.

Forward-Looking Information

This report on Form 10-Q contains “forward-looking statements” under the Federal securities laws. These forward-looking statements address expectations or projections about the future, including our expectations concerning the receipt of the cash proceeds due to us from the divestiture of our Supermetals Business; the amount and timing of the charge to earnings we will record and the cash outlays we will make in connection with the closing of certain manufacturing facilities and restructuring initiatives; the amount and timing of payments associated with environmental remediation and respirator claims; the outcome of pending litigation and environmental matters; our expected tax rate for fiscal 2012; cash requirements and uses of available cash, including anticipated capital spending; and our ability to meet cash requirements for the foreseeable future.

Forward-looking statements are based on our current expectations, assumptions, estimates and projections about Cabot’s businesses and strategies, market trends and conditions, economic conditions and other factors. These statements are not guarantees of future performance and are subject to risks, uncertainties, potentially inaccurate assumptions, and other factors, some of which are beyond our control or difficult to predict. If known or unknown risks materialize, or should underlying assumptions prove inaccurate, our actual results could differ materially from those expressed in the forward-looking statements.

In addition to factors described elsewhere in this report, the following are some of the factors that could cause our actual results to differ materially from those expressed in the forward-looking statements: changes in raw material costs; lower than expected demand for our products; our inability to successfully integrate the Norit business; the loss of one or more of our important customers; our inability to complete capacity expansions as planned; the timing of implementation of environmental regulations; our failure to develop new products or to keep pace with technological developments; fluctuations in currency exchange rates; patent rights of others; stock and credit market conditions; the timely commercialization of products under development (which may be disrupted or delayed by technical difficulties, market acceptance, competitors’ new products, as well as difficulties in moving from the experimental stage to the production stage); demand for our customers’ products; competitors’ reactions to market conditions; delays in the successful integration of structural changes, including acquisitions or joint ventures; severe weather events that cause business interruptions, including plant and power outages or disruptions in supplier or customer operations; the accuracy of the assumptions we used in establishing a reserve for our share of liability for respirator claims; and the outcome of pending litigation. Other factors and risks are discussed in our 2011 10-K.

IV. Recently Issued Accounting Pronouncements – Not Yet Adopted

None with material impact.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information about market risks for the period ended June 30, 2012 does not differ materially from that discussed under Item 7A of our 2011 10-K.

Item 4. Controls and Procedures

As of June 30, 2012, we carried out an evaluation, under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon that evaluation, our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of that date.

There were no changes in our internal control over financial reporting that occurred during our fiscal quarter ended June 30, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

Respirator Liabilities

We have exposure in connection with a safety respiratory products business that a subsidiary acquired from American Optical Corporation ("AO") in an April 1990 asset purchase transaction. The subsidiary manufactured respirators under the AO brand and disposed of that business in July 1995. In connection with its acquisition of the business, the subsidiary agreed, in certain circumstances, to assume a portion of AO's liabilities, including costs of legal fees together with amounts paid in settlements and judgments, allocable to AO respiratory products used prior to the 1990 purchase by the Cabot subsidiary. As more fully described in our 2011 10-K, our respirator liabilities involve claims for personal injury, including asbestosis, silicosis and coal worker's pneumoconiosis, allegedly resulting from the use of respirators that are claimed to have been negligently designed or labeled.

As of June 30, 2012 and September 30, 2011, there were approximately 41,000 and 42,000 claimants, respectively, in pending cases asserting claims against AO in connection with respiratory products. We have a reserve to cover our expected share of liability for existing and future respirator liability claims. The book value of the reserve is being accreted up to the undiscounted liability through interest expense over the expected cash flow period, which is through 2062. At June 30, 2012 and September 30, 2011, the reserve was $9 million and $11 million, respectively, on a discounted basis ($14 million and $16 million on an undiscounted basis at June 30, 2012 and September 30, 2011, respectively). Cash payments related to this liability were $2 million and $3 million in the first nine months of fiscal 2012 and 2011, respectively.

Other Matters

We have various other lawsuits, claims and contingent liabilities arising in the ordinary course of our business. These include a number of claims asserting premises liability for asbestos exposure and claims in respect of our divested businesses. In our opinion, although final disposition of some or all of these other suits and claims may impact our financial statements in a particular period, they should not, in the aggregate, have a material adverse effect on our financial position.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below sets forth information regarding Cabot's purchases of its equity securities during the quarter ended June 30, 2012:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased[1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1]	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs[1]
April 1, 2012 – April 30, 2012	—	$ —	—	1,811,757
May 1, 2012 – May 31, 2012	2,161	$ 42.60	—	1,811,757
June 1, 2012 – June 30, 2012	174,851	$ 36.61	174,851	1,636,906
Total	177,012		174,851	

(1) On May 11, 2007, we publicly announced that the Board of Directors authorized us to repurchase five million shares of our common stock on the open market or in privately negotiated transactions. On September 14, 2007, the Board of Directors increased the share repurchase authorization to 10 million shares (the "2007 Authorization"). This authorization does not have a set expiration date. In the third quarter of 2012 we repurchased 174,851 shares under this authorization.

In addition to the 2007 Authorization, in certain circumstances the Board has authorized us to repurchase shares of restricted stock purchased by recipients of certain long-term incentive awards after such shares vest to satisfy tax withholding obligations and associated loan repayment liabilities. The shares are repurchased from employees at fair market value. During the third quarter of fiscal 2012, we repurchased 2,161 shares from employees under this authorization.

Item 6. Exhibits

The following Exhibits are filed herewith:

Exhibit No.	Description
Exhibit 10.1*	Agreement for the Sale and Purchase of the Entire Issue Share Capital of Norit N.V., dated July 3, 2012, by and among N. Beta S.ar.l., Cabot Corporation and Norit N.V.
Exhibit 10.2*	Documentation dated July 13, 2012 relating to the increase in the aggregate commitments available pursuant to the Credit Agreement, dated August 26, 2011, among Cabot Corporation, JPMorgan Chase Bank, N.A., J. P. Morgan Securities LLC, Citigroup Global Markets Inc., Citibank, N.A., Bank of America, N.A., and Mizuho Corporate Bank, Ltd. and the other lenders party thereto.
Exhibit 10.3*†	Form of Restricted Stock Unit Award Certificate under the Cabot Corporation 2009 Long-Term Incentive Plan.
Exhibit 10.4*†	Form of Non-Qualified Stock Option Award Agreement under the Cabot Corporation 2009 Long-Term Incentive Plan.
Exhibit 18.1*	Preferability Letter Regarding Change in Accounting Policy relating to Goodwill.
Exhibit 31.1*	Certification of Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
Exhibit 31.2*	Certification of Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
Exhibit 32**	Certifications of the Principal Executive Officer and the Principal Financial Officer pursuant to 18 U.S.C. Section 1350.
Exhibit 101.INS*	XBRL Instance Document.
Exhibit 101.SCH*	XBRL Taxonomy Extension Schema Document.
Exhibit 101.CAL*	XBRL Taxonomy Calculation Linkbase Document.
Exhibit 101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
Exhibit 101.LAB*	XBRL Taxonomy Label Linkbase Document.
Exhibit 101.PRE*	XBRL Taxonomy Presentation Linkbase Document.

† Management contract or compensatory plan or arrangements.
* Filed herewith.
** Furnished herewith.

Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Operations for the three and nine months ended June 30, 2012 and 2011; (ii) the Consolidated Balance Sheets at June 30, 2012 and September 30, 2011; (iii) the Consolidated Statement of Cash Flows for the nine months ended June 30, 2012 and 2011; (iv) the Consolidated Statement of Changes in Stockholders' Equity for the nine months ended June 30, 2012 and 2011; and (v) Notes to the Consolidated Financial Statements, June 30, 2012.

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SIGNATURES

Pursuant to the requirements 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

Date: August 6, 2012

By: /s/ EDUARDO E. CORDEIRO
Eduardo E. Cordeiro
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer)

Date: August 6, 2012

By: /s/ JAMES P. KELLY
James P. Kelly
Vice President and Controller
(Chief Accounting Officer)

Exhibit Index

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EXHIBIT 10.1

DATED 3 JULY 2012

N BETA S.À R.L.

- AND -

CABOT CORPORATION

- AND -

NORIT N.V.

AGREEMENT

FOR THE SALE AND PURCHASE OF
THE ENTIRE ISSUED SHARE CAPITAL
OF

NORIT N.V.

SKADDEN, ARPS, SLATE, MEAGHER & FLOM (UK) LLP
40 BANK STREET
CANARY WHARF
LONDON E14 5DS

CONTENTS

THIS AGREEMENT is made on 3 July 2012

BETWEEN:

(1) **N Beta S.à r.l.**, a *société à responsabilité limitée* incorporated under the laws of Luxembourg, having its registered office at 28, boulevard Royal, L-2449 Luxembourg, registered with the Registre de Commerce et des sociétés in Luxembourg under number B 127930 (the "**Seller**");

(2) **Cabot Corporation**, a company incorporated under the laws of Delaware, having its corporate headquarters at Two Seaport Lane, Suite 1300, Boston, Massachusetts 02210 (the "**Purchaser**"); and

(3) **Norit N.V.**, a limited liability company (*naamloze vennootschap*), with its corporate seat in Amersfoort, The Netherlands, and its place of business at Nijverheidsweg-Noord 72, 3812 PM Amersfoort, registered with the trade register of the Chambers of Commerce under number 34274011, further details of which are set out in Schedule 1 (the "**Company**").

WHEREAS:

(A) The Seller is the legal owner of all issued and outstanding shares in the capital of the Company, further details of which are set out in Schedule 1. The Company is the holding company of a group of companies involved in the research, development, manufacturing, distribution and sale of high-grade activated carbons, as detailed in the group structure chart set out in Schedule 2.

(B) The Seller wishes to sell and transfer to the Purchaser or a Purchaser Designee, and the Purchaser wishes to purchase and acquire, or cause a Purchaser Designee to purchase and acquire, from the Seller, the Group Companies with economic effect from the Locked Box Date through a sale and purchase of the Sale Shares on the terms and subject to the conditions set out in this Agreement and the Transaction Documents.

(C) The Seller and the Purchaser are aware of the provisions of the Social and Economic Council Merger Regulation for the protection of employees (*SER-Besluit Fusiegedragsregels 2000 ter bescherming van de belangen van werknemers*), the provisions of the Dutch Works Councils Act (*Wet op de ondernemingsraden*) and any other employee consultation regulations, and are both satisfied that they have consulted with the employees of the Group Companies to the extent required prior to the signing of this Agreement.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 In this Agreement:

"**Activated Carbon Business**" means the research, development, manufacture, distribution and sale of high-grade activated carbons;

"**Affiliate**" means, in relation to any person, any wholly owned subsidiary, or parent undertaking or ultimate holding company of that person and any other wholly owned subsidiary of that parent undertaking or ultimate holding company; with respect to the Seller and, prior to Completion, the Group Companies, each of the Sponsors (excluding portfolio companies of the Sponsors) and each Group Company is also an Affiliate;

"**Affiliate Arrangement**" means any Contract, Indebtedness, Encumbrance or Liability between the Seller or an Affiliate of Seller (other than a Group Company), on the one hand, and one or more Group Companies, on the other hand;

"**Agent**" has the meaning given to that term in Clause 31.1;

"**Agreed Form**" means, in relation to any document, the form of that document which has been initialled for the purpose of identification by the Purchaser and the Seller;

"**Assets**" means, with respect to any person, all land, buildings, improvements, leasehold improvements, furniture, furnishings, fixtures, facilities, machinery and equipment and other assets, real or personal, tangible or intangible, owned or leased by such person or any of its Subsidiaries;

"**Assumption Agreement**" means an Assignment and Assumption Agreement Relating to Certain Rights and Obligations Under the Norit N.V. Share Purchase Agreement, by and between Doughty Hanson & Co. Managers Limited, Euroland Purification II B.V., the Seller and the Purchaser in the form attached as Exhibit 1;

"**Assurance**" means any warranty, promise, representation, statement, assurance, covenant, collateral contract, agreement, undertaking, indemnity, guarantee or commitment of any nature whatsoever made or given by or on behalf of the Seller or any member of the Seller's Group prior to Completion;

"**Benefit Plans**" has the meaning given to that term in paragraph 11.1 of Part B of Schedule 5;

"**Business Day**" means a day on which banks are open for business in London, Amsterdam and Boston (excluding Saturdays, Sundays and public holidays);

"**Civil Procedure Rules**" means the Civil Procedure Rules 1998 of England and Wales, which came into effect on 26 April 1999, as amended from time to time;

"**Claim**" means any claim made by a Party arising out of, pursuant to or in connection with any Transaction Document, or the transactions contemplated thereby or referred to therein, howsoever arising;

"**Code**" means the Internal Revenue Code of 1986, as amended;

"**Companies Act**" means the Companies Act 2006 in force on the Signing Date (and, to the extent that any earlier Companies Act is in force, that Act);

"**Company**" has the meaning given to that term in the recitals;

"**Company Warranties**" means the warranties contained in Part B of Schedule 5 and "Company Warranty" means any of them;

"**Competition Conditions**" means the conditions precedent to Completion set out in Clause 3.3;

"**Competition Laws**" means the HSR Act, the German Competition Law, and all other Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolisation or restraint of trade or lessening of competition through merger or acquisition;

"**Competitive Business**" has the meaning given to that term in Clause 14.1;

"**Completion**" means completion of the sale, purchase and transfer of the Sale Shares in accordance with Clause 5;

"**Completion Amount**" has the meaning given to that term in Schedule 7;

"**Completion Date**" means the date on which Completion occurs;

"**Conditions**" means the conditions precedent to Completion set out in Clause 3.1, 3.2 and 3.3;

"**Confidential Information**" has the meaning given to that term in Clause 17.1;

"**Contract**" means any contract, purchase order, sales order, license, lease and other agreement, commitment, arrangement and understanding;

"**CPT Disposition Contract**" means the Agreement for the Sale and Purchase of the Whole of the Issued Share Capital of Norit Proces Technologie Holding B.V., among Norit Holding B.V., Norit Proces Technologie Holding B.V., Pentair Netherlands B.V. and Pentair, Inc., dated 2 April 2011, as it may be amended or modified from time to time;

"**CPT Business**" has the meaning given to that term in the CPT Disposition Contract;

"**CPT Matters**" means (i) the CPT Disposition Contract and any Claims by any person thereunder or in connection therewith, (ii) the CPT Business and (iii) all actions, expenses, costs or occurrences arising out of or contemplated by the CPT Disposition Contract or arising out of or in connection with the CPT Disposition Contract or CPT Business, including without limitation the disposition of the CPT Business, the Pre-Sale Reorganisation (as defined in the CPT Disposition Contract), the July 2011 Reorganisation and any other restructuring or reorganization arising out of, related or incident to the CPT Business, the CPT Disposition Contract or the disposition of the CPT Business;

"**Credit Agreement**" means the Credit and Guaranty Agreement entered into on or about 8 July 2011 between, amongst others, Norit Activated Carbon B.V., Norit Holding B.V., certain Subsidiaries of Norit Holding B.V. (as Guarantor Subsidiaries), the Lenders, Deutsche Bank Securities Inc. and Goldman Sachs Bank USA (as Joint Lead Arrangers and Joint Lead Bookrunners), Deutsche Bank AG New York Branch (as Administrative Agent, Collateral Agent and Security Trustee), Goldman Sachs Bank USA (as Syndication Agent) and ING Capital LLC (as Managing Lead Arranger and Documentation Agent);

"**Credit Agreement Debt**" means all Financial Debt under the Credit Agreement;

"**Credit Agreement Debt Amount**" means the aggregate amount of all Existing Credit Agreement Debt, as at the scheduled Completion Date;

"**Data Room**" means the contents of the electronic data room maintained on behalf of the Seller at https://datasite.merrillcorp.com that were available to Purchaser on or before 20 June 2012;

"**dealing**" has the meaning given to that term in Clause 20.1;

"**DHCV**" means Doughty Hanson & Co V Limited in its capacity as general partner of the limited partnerships known as Doughty Hanson & Co V LP No. 1 and Doughty Hanson & Co V LP No. 2;

"**DHCVM**" means Doughty Hanson & Co. Managers Limited in its capacity as manager of the limited partnership known as "Doughty Hanson & Co V LP No. 1" and "Doughty Hanson & Co V LP No. 2".

"**Disclosure Letter**" means the letter dated as of the Signing Date written by the Seller to the Purchaser and delivered to the Purchaser prior to the Signing Date;

"**Encumbrances**" means any lien, pledge, charge (fixed or floating), mortgage, option, guarantee, right of pre-emption, power of sale, right of first refusal or first offer or other third party right, right to acquire, transfer restriction, assignment (including assignment by way of security), usufruct, hypothecation, retention of title, trust arrangement for the purpose of providing security or other security interest or arrangement of any kind and any agreement to create any of the foregoing;

"**Environmental Laws**" means all Laws (including common law) relating to pollution, protection of the environment or human health, occupational safety and health or sanitation, including Laws relating to emissions, spills, discharges, generation, storage, leaks, injection, leaching, seepage, releases or threatened releases of Waste into the environment (including ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Waste, together with any regulation, code, plan, order, decree, permit, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder.

"**Euroland**" means Euroland Purification II B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), with its corporate

seat in Hengelo, The Netherlands, and its place of business at Hertmerweg 42D, 7625 RH, Zenderen, The Netherlands, registered with the trade register of the Dutch Chambers of Commerce under number 08159887;

"Event" means any transaction, event, act or omission;

"**Financial Debt**" means Indebtedness described in subclause (i) and (ii) of the definition of "Indebtedness";

"**Financial Statements**" has the meaning given to that term in paragraph 3.1 of Part B of Schedule 5;

"**Form F-1**" means the Form F-1 filed with the SEC on 19 March 2012, as it may be amended from time to time;

"**GAAP**" means United States generally accepted accounting principles;

"**German Competition Law**" means the German Act Against Restraints of Competition, (*Gesetz gegen Wettbewerbsbeschränkungen*), of 1998, as amended;

"**Governmental Authority**" means any supranational, national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof) or any other supranational, governmental, intergovernmental, quasi-governmental authority, body, department or organisation, including the European Union, or any regulatory body appointed by any of the foregoing in each case, in any jurisdiction;

"**Group Companies**" means the Company and the Subsidiaries, and "**Group Company**" means any of them;

"**Group Insurance Policies**" has the meaning given to that term in paragraph 9.1 of Part B of Schedule 5;

"**Group Intellectual Property**" means all of the Group Companies' worldwide rights in, to and under Intellectual Property;

"**HSR Act**" means the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder;

"**Indebtedness**" means the outstanding principal amount of, accrued and unpaid interest on, and other payment obligations (including, without limitation, any prepayment premiums, commissions, fees, costs, penalties or expenses) arising under, or any obligations of any Group Company consisting of (i) indebtedness for borrowed money or indebtedness issued in substitution or exchange for borrowed money or for the deferred purchase price of property or services (including any related interest accruals and payments in kind, as well as any indebtedness owing to any Affiliate of any Group Company (other than any Group Company wholly owned by the Company), including without limitation all of the foregoing under the Credit Agreement and the Shareholder Loans) and any guarantee of the foregoing of another person, (ii) indebtedness evidenced by any note, bond, debenture or other debt security

(including any related interest accruals and payments in kind), (iii) all net payments required to be made in the event of an early termination of outstanding interest rate, currency and other hedging agreements, (iv) liabilities relating to unfunded obligations with respect to defined benefit retirement and supplemental benefit plans of any Group Company, (v) finance lease obligations, (vi) all obligations issued or assumed as the deferred purchase price of property or services, (vii) all outstanding liabilities relating to reorganization or restructuring activities, (viii) all severance obligations or payments resulting from the consummation of the transactions contemplated by this Agreement, (ix) all payments resulting from the consummation of the transactions contemplated by this Agreement pursuant to the employee certificate bonus plan liabilities, the management participation plan, the management stock options, and other liabilities relating to retention payments initiated by Seller subsequent to the Signing Date, and (x) all obligations as an account party, guarantor or surety with respect to the obligations of a type described in clauses (i) through (ix) above of any person;

"**Intellectual Property**" means rights in the following: (i) all trademark rights, trade dress, service marks, trade names, domain names and brand names; (ii) all copyrights and all other rights associated therewith; (iii) all patents and all proprietary rights associated with patents; (iv) all Contracts or agreements granting any right, title or license under the intellectual property rights of any third party; (v) all inventions, computer software, trade secrets, websites, royalty rights, and employee covenants and agreements respecting intellectual property; and (vi) all registrations of any of the foregoing, all applications therefor, all goodwill associated with any of the foregoing and all claims for infringement or breach thereof;

"**Intragroup Arrangement**" means any Contract, Indebtedness, Encumbrance or Liability between a Group Company, on the one hand, and another Group Company, on the other hand;

"**Investor Executive**" means Messrs Mark Corbidge, Pascal Keutgens, Bernard ten Doeschot, Claus Felder and RJHM Kuipers;

"**July 2011 Reorganisation**" means the reorganisation undertaken by members of the Seller's Group as described in the PWC Memo;

"**Key Manager**" has the meaning given to that term in paragraph 12.3 of Schedule 5;

"Key Technical Employees" means each of Lee Brown, Brian Tucker, John Naussbaum, Richard Payne, Dick McKnight, Jeff Versterre, Han Oude Groeniger, the person who replaced Rinze Tijsma, Gavin Barrack, Wim van De Meulenhof, Alexander Mierop, Lee Galbraith, Scott Murphy and Chris Soap, and "Key Technical Employee" means any one of them;

"**Law**" or" **Laws**" means any applicable statute, law, legislation, decision, decree, order, instrument, by-law, ordinance, rule, policy or regulation and other legislative measures or decisions having the force of law, treaties, conventions, rules of common law and all other laws of, or having effect in, any jurisdiction from time to time;

"**Leakage**" has the meaning given to that term in Clause 10.3;

"**Lenders**" has the meaning given to that term in the Credit Agreement;

"**Liability**" or "**Liabilities**" means any direct or indirect Indebtedness, guaranty, endorsement, claim, loss, damage, deficiency, cost, expense (including capital improvements), fine, penalty, liability, obligation or responsibility, fixed or unfixed, known or unknown, asserted or unasserted, liquidated or unliquidated, contingent or absolute, secured or unsecured;

"**Litigation**" means any complaint, action, suit, proceeding, arbitration or other alternate dispute resolution procedure, demand, claim, investigation or inquiry, whether civil, criminal or administrative;

"**Locked Box Accounts**" means the audited consolidated financial statements of the Group Companies for the fiscal year ended on 31 December 2011;

"**Locked Box Date**" means 24:00 (CET) on 31 December 2011;

"**Long Stop Date**" means the date that is 120 days after the date of this Agreement;

"**Locked Box Interest Amount**" is defined in Clause 2.2.

"**Locked Box Date Third Party Debt Amount**" has the meaning given to that term in Clause 2.2;

"**Management Accounts**" has the meaning given to that term in paragraph 3.1 of Part B of Schedule 5;

"**Material Adverse Effect**" means (1) any material adverse change in, or material adverse effect on, the business, financial condition or results of operations of the Group Companies, taken as a whole; provided, however, that none of the following, in and of itself or themselves, shall constitute a Material Adverse Effect under this subclause (1), or shall otherwise be taken into account in determining the occurrence of a Material Adverse Effect under this subclause (1):

(a) changes in the global economy generally or capital or financial markets generally (other than which are disproportionately adverse with respect to the Group Companies);

(b) changes in political conditions generally in any country or countries in which a Group Company operates (other than which are disproportionately adverse with respect to the Group Companies);

(c) changes that are the result of factors generally affecting any of the industries in which the Group Companies operate or in which products or services of the Group Companies are used or distributed (other than which are disproportionately adverse with respect to the Group Companies); and

(d) changes resulting from any actions or steps required by the express terms of the Transaction Documents; or

(2) a material adverse effect on the ability of Seller to consummate the transactions contemplated by this Agreement or deliver the Sale Shares to Purchaser or a Purchaser Designee free and clear of all Encumbrances.

"**Material Contracts**" has the meaning given to that term in paragraph 10.1 of Part B of Schedule 5, and "**Material Contract**" means any of them;

"**Norit Fiscal Unity**" means a group tax arrangement and fiscal unity (*fiscale eenheid*) as referred to in article 15 of the Dutch Corporate Income Tax Act of 1969 (*Wet op de vennootschapsbelasting 1969*) of which the Company is the parent company.

"**North America Segment**" means the North America reportable segment of the Group, as used in the Form F-1;

"**Notary**" means Mr. R.W. Clumpkens or another civil law notary (*notaris*), or such notary's substitute, of De Brauw Blackstone Westbroek N.V.;

"**Notary Letter**" means the letter between, *inter alios*, the Seller, the Purchaser, the Company, the Lenders and the Notary relating to the steps to be taken and the release of funds paid into the Notary Account at Completion, to be executed prior to Completion in the form attached as Schedule 7;

"**Notary's Account**" means the "Notary Account" as defined in the Notary Letter;

"**Notice**" has the meaning given to that term in Clause 18.1;

"**Orders**" has the meaning given to that term in paragraph 1.3 of Part A of Schedule 5;

"**Party**" means a party hereto and "**Parties**" means more than one or all of them;

"**Permits**" has the meaning given to that term in paragraph 7.2 of Schedule 5;

"**Permitted Leakage**" has the meaning given to that term in Clause 10.4;

"**Press Announcement**" means the press announcement relating to the Transaction in the Agreed Form;

"**Proceedings**" means any proceeding, claim, suit or action arising out of or in connection with this Agreement or its subject matter (including its validity, formation at issue, effect, interpretation, performance or termination) or any transaction contemplated by this Agreement;

"**Products/Services**" has the meaning given to that term in paragraph 20.1 of Schedule 5;

"**Purchaser**" has the meaning given to that term in the Preamble;

"**Purchaser Designee**" has the meaning given to that term in Clause 2.7;

"**Purchaser's Group**" means the Purchaser and all other members of the same group of companies as the Purchaser (including, with effect from Completion, each Group Company);

"**PWC Memo**" means the PricewaterhouseCoopers tax structure memorandum dated 13 July 2011;

"**Real Property**" means all real property owned, leased, used or occupied by any Group Company;

"**Registered Intellectual Property**" has the meaning given to that term in paragraph 12.1 of Part B of Schedule 5;

"**Related Persons**" has the meaning given to that term in Clause 10.6;

"**Release Documentation**" means deeds of release or other binding documentation from the applicable lenders and obligees (which in the case of the Credit Agreement shall be the administrative agent thereunder), in form and substance satisfactory to Purchaser, evidencing (i) the repayment in full of all Credit Agreement Debt upon payment of the Credit Agreement Debt Amount, (ii) the termination of all Credit Agreement Debt and all obligations of any Group Company related thereto upon payment of the Credit Agreement Debt Amount and (iii) the full and irrevocable release and discharge of all Encumbrances on or over the Sale Shares or any Assets or securities of a Group Company related to the Credit Agreement Debt upon payment of the Credit Agreement Debt Amount;

"**Related Party Loan**" means any loan (other than the Shareholder Loan) between a Group Company (or an Affiliate of a Group Company) and the Seller (or an Affiliate of Seller), including any of the foregoing described as a loan to a related party in the Financial Statements or Management Accounts.

"Relief" means any loss, allowance, credit, relief, deduction or set-off in respect of, or taken into account, or capable of being taken into account, in the calculation of a liability to, Tax or any right to a repayment of Tax;

"**Representative**" means, in relation to any person, such person's directors, officers, employees, lawyers, accountants, bankers or other advisers, representatives, agents, sub-contractors or brokers;

"**Required Information**" has the meaning given to that term in Clause 15.3;

"**Restricted Actions**" means the matters listed in Schedule 6;

"**Restriction Period**" has the meaning given to that term in Clause 14.1;

"**Sale Consideration Amount**" has the meaning given to that term in Clause 2.2;

"**Sale Shares**" means the entire issued share capital of the Company at Completion;

"**SEC**" means the United States Securities and Exchange Commission;

"**Seller**" has the meaning given to that term in the Preamble;

"**Seller Warranties**" means the warranties contained in Part A of Schedule 5 and "Seller Warranty" means any of them;

"**Seller's Group**" means the Seller and all other direct and indirect subsidiaries of Seller (including, until Completion, each Group Company);

"**Senior Employees**" means each of Messrs Ronald Thompson, Rob Davies, Paul Ganzeboom, Gerry Maters, Vito Consiglio, Bart Genemens, John Bandy, Mark Trinske, Atoy Strawder, Han Oude Groeniger, Jan-Willem Vlaanderen, Annemarie Beers, Wim van de Meulenhof, Jeff Versterre, Jasper Van Empelen and "**Senior Employee**" means any one of them;

"**Share Consideration Amount**" has the meaning given to that term in Clause 2.2;

"**Shareholder Loan**" means the cumulative preferred equity certificates and cumulative preferred shares of the Company and any other equity, equity-linked, preferred or similar interest of the Company;

"**Shareholder Loan Amount**" has the meaning given to that term in Clause 2.2;

"**Signing Date**" means 20 June 20 2012;

"**Specified Claim**" means a Claim by Purchaser for (i) breach of a Seller Warranty, or (ii) breach of any undertaking set forth in Clauses 2.1, 10, 13, 14 and 15.1 in this Agreement;

"**Sponsors**" means Doughty Hanson & Co Managers Limited in its capacity as manager of the limited partnerships known as Doughty Hanson & Co V LP No.1 and Doughty Hanson & Co V LP No.2 and Euroland;

"**Subsidiaries**" means the entities set out in the group structure chart in Schedule 2 (other than N Alpha S.à.rl. and the Seller) (whether or not "subsidiaries" as construed in Clause 1.2(m)) and **"Subsidiary**" means any of them;

"**Tax**" means all forms of taxation, whether direct or indirect, withholding taxes of any nature, levies, duties, governmental fees, premiums or charges or assessments of any kind wherever imposed, including but not limited to: corporate income tax, wage withholding tax, personal income tax, social security contributions, VAT, customs and excise duties, capital duty, transfer tax, dividend tax, stamp duty, real estate (transfer) tax, municipal taxes and levies, anti-pollution taxes and levies, together with related fines, surcharges, interest, penalties, additions to taxes or additional amounts owed, due and payable, levied or announced either by a virtue of law or by any Tax Authority in any jurisdiction, as well as any liability for or in relation to any of the foregoing (i) as transferee or successor, (ii) as a result of having been a member of any group for tax purposes, (iii) by contract, or (iv) for repayment of unlawful state aid;

"**Tax Audit**" means any audit, investigation, visit, inspection, assessment, discovery, access order, or Litigation from any Tax Authority with respect to any Tax matter of a Group Company;

"**Tax Authority**" means any government, state or municipality or any local, state, federal or other authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function (including, without limitation, the Dutch *Belastingdienst*);

"Tax Benefit" means (a) any rebate, refund or repayment in respect of Tax actually received by a Group Company or a member of Purchaser's Group and (b) any reduction of Tax actually owing by a Group Company or a member of Purchaser's Group;

"**Tax Return**" means any return, declaration, report, estimate, claim for refund, or information return or statement relating to, filed or required to be filed in connection with, any Taxes, including any schedule, form, attachment thereto or amendment thereof;

"**Third Party**" has the meaning given to that term in Clause 23.1;

"**Total Amount**" has the meaning given to that term in Clause 2.2;

"**Transaction**" means the acquisition by the Purchaser or a Purchaser Designee of the Sale Shares free and clear of all Encumbrances in accordance with the terms of the Transaction Documents;

"**Transaction Documents**" means this Agreement, the Transfer Deed, the Notary Letter, the Assumption Agreement and any other documents to be entered into pursuant to any such documents;

"**Transaction Expenses**" means all costs in relation to (i) the transactions contemplated by this Agreement including (a) all fees, costs and expenses of external advisers (including but not limited to investment bankers, attorneys and accountants) engaged by the Seller, its Affiliates or a Group Company in relation to the Transaction, including but not limited to running the Data Room; (b) all Transaction-related bonuses or accelerated benefits payable to any officer, director, employee, shareholder or Affiliate of any Group Company as a result of the Transaction; and (c) all amounts payable to any officer, director, employee, shareholder or Affiliate of any Group Company in respect of share capital owned (including restricted share capital) in any Group Company or in Seller or an Affiliate of Seller by, and options to purchase share capital in any Group Company or in Seller or an Affiliate of Seller granted to, any officer, director, employee, shareholder or Affiliate of any Group Company as a result of the Transaction and (ii) the offering contemplated by the Form F-1, including all fees, costs and expenses of external advisers (including but not limited to investment bankers, attorneys and accountants) engaged by the Seller, its Affiliates or a Group Company in relation to such offering, including but not limited to the (re) financing of the Group Companies and the preparation and filing of the Form F-1;

"**Transfer Deed**" means the notarial deed of transfer to effect the transfer of the Sale Shares to the Purchaser or a Purchaser Designee, to be executed at Completion in the form attached as Schedule 3;

"**VAT**" means in relation to any jurisdiction within the European Union, such Tax as may be levied in accordance with (but subject to derogations from) the Directive 2006/112/EC and outside the European Union any Tax levied by reference to added value, sales and/or consumption; and

"**Waste**" means (i) any petroleum, hazardous or toxic petroleum-derived substance or petroleum product, flammable or explosive material, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, foundry sand or polychlorinated biphenyls (PCBs); (ii) any chemical or other material or substance that is now regulated, classified, restricted or defined as or included in the definition of "hazardous substance," "hazardous waste," "hazardous material," "extremely hazardous substance," "restricted hazardous waste," "toxic substance," "toxic pollutant," "pollutant" or "contaminant" under any Environmental Law, or any similar denomination intended to classify substance by reason of toxicity, carcinogenicity, ignitability, corrosivity or reactivity under any Environmental Law; or (iii) any other chemical or other material, waste or substance, exposure to which is now prohibited, limited, restricted or regulated by or under any Environmental Law;

"**Works Council**" means the relevant employee representative body which has been granted certain advising powers in order to ensure the proper consultation and representation of the employees of Norit Nederland B.V.

1.2 In this Agreement, except where the context otherwise requires:

(a) a reference to Clauses, paragraphs, sub-paragraphs, Schedules and the Recitals are to Clauses, paragraphs, sub-paragraphs and the Recitals of, and the Schedules to, this Agreement;

(b) a reference to this Agreement or to any specified provision of this Agreement is to this Agreement or provision as in force for the time being, as amended, modified, supplemented, varied, assigned or novated, from time to time;

(c) a reference to this Agreement includes the Recitals and the Schedules to it, each of which forms part of this Agreement for all purposes;

(d) a reference to a "**company**" shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established;

(e) a reference to a "**person**" shall be construed so as to include any individual, firm, body corporate, joint venture, unincorporated association or partnership (whether or not having separate legal personality), its successors and assigns;

(f) a reference to writing shall include any mode of reproducing words in a legible and non-transitory form;

(g) a reference to "**indemnify**" and "**indemnifying**" any person against any circumstance includes indemnifying and keeping that person harmless on an after-Tax basis from all actions, claims and proceedings from time to time made against that person and all loss or damage and all payments, costs or expenses made or incurred by that person as a consequence of or which would not have arisen but for that circumstance;

(h) subject to Clause 18.3, a reference to a time of the day is to London time;

(i) a reference to "**euros**" or "**€**" shall be construed as a reference to the lawful currency for the time being of participating member states for the purposes of the European Monetary Union;

(j) a reference to "**US dollars**" or "**US$**" shall be construed as a reference to the lawful currency of the United States of America;

(k) a reference to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates the English legal term in that jurisdiction and references to any English statute or enactment shall be deemed to include any equivalent or analogous laws or rules in any other jurisdiction;

(l) where in this Agreement a Dutch term is given in italics or in italics and in brackets after an English term and there is any inconsistency between the Dutch and the English term, the meaning of the Dutch term shall prevail;

(m) the expressions "**parent undertaking**", "**subsidiary undertaking**" and "**undertaking**" shall have the meaning given in sections 1161, 1162 and 1173 of the Companies Act, the expression "**subsidiary**", "**holding company**" and "**wholly-owned subsidiary**" shall have the meaning given in section 1159 of the Companies Act and the expression "**group**" shall have the meaning given in section 474 of the Companies Act;

(n) the Parties acknowledge that they have participated jointly in the negotiation and drafting of this Agreement. In the event that a question of interpretation arises (including as to the intention of the Parties), no presumption or burden of proof shall arise in favour or against any Party based on the authorship of any provisions;

(o) words importing the singular include the plural and vice versa, words importing a gender include every gender;

(p) references to "**costs**" and/or "**expenses**" incurred by a person shall not include any amount in respect of VAT comprised in such costs or expenses for which either that person or, if relevant, any other member of the group to which that person belongs for VAT purposes is entitled to credit or repayment as VAT input tax under any applicable provisions of Law;

(q) all payment amounts referenced in this Agreement are in US dollars unless stated otherwise;

(r) references to any party shall, where relevant, be deemed to be references to or to include, as appropriate, its permitted successors, assigns or transferees;

(s) any phrase introduced by the words including, include, in particular or any similar words shall be construed as illustrative rather than exhaustive and shall not limit the meaning of the words preceding them;

(t) a reference to "**to the Seller's knowledge**" shall mean to the knowledge of the Senior Employees having made reasonable enquiries, save for the purposes of paragraph 3.1 of Part A of Schedule 5 only where it shall mean to the knowledge of the Seller having made reasonable enquiry of the Senior Employees and the Investor Executives; and

(u) headings are inserted for convenience only and shall be ignored in construing this Agreement.

2. SALE AND PURCHASE OF THE SALE SHARES; REPAYMENT OF EXISTING BANK DEBT

2.1 On and subject to the provisions of this Agreement, at Completion the Seller shall sell, and the Purchaser shall purchase or shall cause a Purchaser Designee to purchase, with economic effect from the Locked Box Date, the Sale Shares, free from all Encumbrances and together with all rights attaching to them as at the Locked Box Date, including the right to receive all dividends and distributions declared, made or paid on or after the Locked Box Date other than any Permitted Leakage.

2.2 The consideration payable by the Purchaser or a Purchaser Designee for the purchase of the Sale Shares shall be an amount in cash equal to:

(a) $1,100,000,000.00 (the "**Total Amount**"), *minus*

(b) $346,647,000.00 (such amount, the "**Locked Box Date Third Party Debt Amount**"; the Total Amount minus the Locked Box Date Third Party Debt Amount, the "**Sale Consideration Amount**"), *minus*

(c) an amount equal to all outstanding Indebtedness as of the Completion Date under the Shareholder Loans, which amount shall be notified in writing to the Purchaser by the Seller no later than three Business Days prior to the Completion Date (such amount, the "**Shareholder Loan Amount**", and the Sale Consideration Amount minus the Shareholder Loan Amount, the "**Share Consideration Amount**"); *plus*

(d) $10,000,000.00 (the "**Locked Box Interest Amount**").

2.3 The Purchaser shall at Completion pay to the Notary for payment in accordance with the Notary Letter, an amount in cash equal to the sum of:

(a) the Share Consideration Amount;

(b) the Shareholder Loan Amount;

(c) the Credit Agreement Debt Amount, which amount shall be notified in writing to the Purchaser by the Seller no later than three Business Days prior to the Completion Date. The Seller shall deliver forms of Release Documentation to the extent agreed with the lending banks to the Purchaser concurrently with the Seller's notification to the Purchaser of the Credit Agreement Debt Amount; and

(d) the Locked Box Interest Amount.

2.4 The amounts set forth in Section 2.3 shall be paid in US dollars (provided that to the extent all or any portion of the Credit Agreement Debt Amount or the Shareholder Loan Amount is denominated in euros, such payment may be paid in euros, and the US Dollar value of the Shareholder Loan Amount used for calculating the Share Consideration Amount shall be determined on the basis of the latest available US Dollar/euro exchange rate prior to the Completion Date) on or prior to the date of Completion by wire transfer in cash in immediately available funds into the account nominated by the Notary (the "**Notary's Account**") for receipt for value into the Notary's Account by 9.00 am (CET) on the Completion Date. Prior to the execution of the Transfer Deed, the Notary shall hold the funds received in the Notary's Account for the benefit of the Party who has paid those funds, and immediately after the execution of the Transfer Deed, the Notary shall hold the funds for such persons as are specified in the Notary Letter. The Parties acknowledge that none of the Share Consideration Amount, the Credit Agreement Debt Amount, the Locked Box Interest Amount or the Shareholder Loan Amount is subject to Dutch VAT.

2.5 Any payment made by the Seller to the Purchaser or a Purchaser Designee or by the Purchaser or a Purchaser Designee to Seller, as the case may be, under or in respect of any breach of any provision of this Agreement shall so far as possible be treated, for income tax purposes, as an adjustment to the Sale Consideration Amount.

2.6 Unless otherwise expressly stated in this Agreement, all payments to be made under this Agreement shall be made to the Notary, the Seller, the Purchaser, a Purchaser Designee, or the Company to the bank accounts designated by written notice provided to the other Parties, such notice to be delivered at least three Business Days prior to the date for payment.

2.7 At any time prior to the Completion Date, the Purchaser may designate one or more of its Affiliates not party to this Agreement to purchase all or any portion of the Sale Shares or otherwise perform any of the Purchaser's obligations or undertakings or exercise any of its rights hereunder, or enjoy the rights conferred on Purchaser and the Purchaser Designee under this Agreement (any such Affiliate, a "**Purchaser Designee**"), provided, that (i) no such designation shall relieve the Purchaser of its obligations under this Agreement and (ii) the Purchaser shall cause any Purchaser Designee to perform any obligation or undertaking hereunder assigned by the Purchaser thereto.

3. CONDITIONS PRECEDENT

3.1 The obligation of the Purchaser or Purchaser Designee to effect Completion is conditional upon the satisfaction of the following conditions before the Long Stop Date:

(a) each of the Seller Warranties made by the Seller shall be true and correct in all respects as at the Signing Date and shall be true and correct in all respects at and as of the Completion Date (in each case, without giving effect to materiality or similar phrases in such Seller Warranties) as though such Seller Warranties were made or given on and as of the Completion Date, except where the failure of such Seller Warranties to be so true and correct would not, individually or in the aggregate, have a material adverse effect on the Seller's ability to consummate the transactions contemplated by this Agreement or prevent the Seller from delivering the Sale Shares to Purchaser free and clear of Encumbrances at Completion;

(b) each of the Company Warranties (other than the Company Warranties in Sections 4.8 and 18 of Part B of Schedule 5) made by the Company shall be true and correct in all respects as at the Signing Date and shall be true and correct in all respects at and as of the Completion Date (in each case, without giving effect to materiality, Material Adverse Effect or similar phrases in such Company Warranties) as though such Company Warranties were made or given on and as of the Completion Date, except where the failure of such Company Warranties to be so true and correct would not, individually or in the aggregate, have a Material Adverse Effect;

(c) the Seller shall have in all material respects performed and complied with its agreements and obligations under this Agreement that are to be performed or complied with by the Seller on or before the Completion Date, except where the failure of the Seller to do so has been remedied, rectified or indemnified to the satisfaction of the Purchaser acting reasonably or waived in writing by the Purchaser;

3.2 The obligation of the Seller to effect the Completion is conditional upon the satisfaction of the following conditions before the Long Stop Date:

(a) each of the warranties made by the Purchaser in Clause 9 shall be true and correct in all respects as of the Signing Date and as of the Completion Date; and

(b) the Purchaser shall have in all material respects performed and complied with its obligations under this Agreement that are to be performed or complied with by the Purchaser on or before the Completion Date, except where the failure of the Purchaser to do so has been remedied, rectified or indemnified to the satisfaction of the Seller acting reasonably or waived in writing by the Seller.

3.3 The obligation of each of the Purchaser and the Seller to effect the Completion is conditional upon the satisfaction of the following additional conditions before the Long Stop Date:

(a) any waiting period applicable to the Transaction under the HSR Act shall have been terminated or shall have expired; and

(b) under the German Competition Law, (i) the German antitrust authority (*Bundeskartellamt*) shall have granted clearance of the Transaction, or (ii) the Transaction shall be cleared pursuant to the lapse of any applicable waiting period.

3.4 In order to satisfy the Competition Conditions, the Purchaser and the Seller shall, and the Seller shall procure that each Group Company shall:

(a) reasonably cooperate in all respects in the preparation of any filing or notification and in connection with any submission, investigation or inquiry;

(b) use commercially reasonable endeavours to supply to any Governmental Authority as promptly as practicable any additional information or documentary material requested pursuant to any applicable laws and take all other procedural actions required in order to obtain any necessary clearance or to cause any applicable waiting periods to commence and expire;

(c) promptly provide each other with copies of any written communication received from or sent to any Governmental Authority (or written summaries of any non-written communication) in connection with any proceeding; and

(d) absent objection from the relevant Governmental Authority, give each other and their respective advisors the opportunity to participate in all substantive meetings and conferences with any Governmental Authority.

3.5 In addition, each Party undertakes to:

(a) procure the filing of any necessary submissions to all relevant Governmental Authorities as soon as practicable (and in any event within 15 Business Days after the Signing Date with respect to filings under the HSR Act and the German Competition Law);

(b) provide the other Party (or Representatives nominated by the other Party) with draft copies of all submissions and communications to Governmental Authorities in relation to satisfaction of the Competition Conditions. The Parties shall provide such copies at such time as will allow the other Party (or its nominated Representatives) a reasonable opportunity to provide comments on such submissions and communications before they are submitted or sent and provide the other Party (or its nominated Representatives) with copies of all such submissions and communications in the form submitted or sent;

(c) disclose in writing to the other Party promptly upon becoming aware of anything which is reasonably expected to prevent or delay any of the Conditions from being satisfied; and

(d) in the case of the Purchaser, as promptly as reasonably possible, but not later than within one Business Day of any of the Competition Conditions being satisfied, notify the Seller in writing.

3.6 The Purchaser shall use commercially reasonable endeavours to obtain each consent, approval or waiver or eliminate each and every impediment to the Transaction under any antitrust, competition or trade regulation law before the Long Stop Date; provided, however, that nothing in this Agreement shall require, or be construed to require, the Purchaser (1) to make or commit to make any disposition of Assets of the Purchaser or any of its Subsidiaries or (2) to make or commit to make any disposition of Assets of the Company or any of its Subsidiaries if such disposition would reasonably be expected to materially and adversely affect the Company and its Subsidiaries.

3.7 If one or more of the Conditions:

(a) remains unsatisfied as at the Long Stop Date; or

(b) becomes impossible to satisfy before the Long Stop Date;

the provisions of Clause 3.8 shall apply.

3.8 This Clause shall apply only in the circumstances referred to in Clause 3.7 and, if applicable, Clause 5.3. Where this Clause applies, this Agreement, other than Clause 1 (*Interpretation*), 16 (*Announcements*), 17 (*Confidentiality*), 18 (*Notices*), 21 (*Costs and Expenses*), 22 (*Invalidity*), 23 (*Third party rights*), 26 (*Whole Agreement*), 28 (*Counterparts*), 30 (*Governing law and jurisdiction*) and 31 *(Agent for Service of Process)*, shall automatically terminate with immediate effect and each Party's rights and obligations, other than those specified above, shall cease immediately on termination. Such termination shall not affect the rights and obligations of any Party existing before termination.

3.9 The Parties agree that monetary damages would not be an adequate remedy for any breach of the terms of this Agreement and that it is the intention of the Parties that either party shall be entitled to an injunction or other equitable relief to specifically enforce this Agreement in accordance with its terms.

3.10 The Conditions in Clause 3.3 above may each be waived jointly by the Seller and the Purchaser. The Conditions in Clause 3.1 above may each be waived by written notice of the Purchaser to the Seller, and the Conditions in Clause 3.2 above may each be waived by written notice of the Seller to the Purchaser.

4. CONDUCT OF BUSINESS BEFORE COMPLETION

4.1 Subject to Clause 4.2, the Seller shall procure that during the period from the Signing Date to Completion:

(a) the Group Companies shall continue to carry on business in the normal course in compliance with all Laws applicable to them and in substantially the same manner as their businesses have been carried on before the Signing Date;

(b) the Group Companies shall pay all premiums due on and use reasonable endeavours to maintain in effect each insurance policy of the Group Companies in effect as of the Signing Date;

(c) no Group Company shall undertake any Restricted Action; and

(d) the Company uses reasonable endeavours, if requested by Purchaser, to pursue certain tax rulings or decisions (*beschikkingen*), provided that pursuing such tax rulings or decisions does not have a negative impact on the business of the Group Companies prior to Completion or the ability to proceed with Completion in accordance with the terms of this Agreement.

4.2 Clause 4.1 shall not operate so as to restrict or prevent:

(a) any matter undertaken at the written request of the Purchaser or with its specific prior written approval (such approval not to be unreasonably withheld);

(b) any commercially reasonable action undertaken by any Group Company in an emergency or disaster situation with the intention of minimising any adverse effect thereof, but only for so long as such emergency or disaster situation continues and solely to the extent necessary to mitigate its effects, and provided that Seller shall, to the extent practicable, consult with the Purchaser in advance of any such action and in any event provide prompt written notice to the Purchaser of any action so undertaken;

(c) the completion or performance of any obligation required to be undertaken pursuant to any written Contract entered into by any Group Company prior to the Signing Date in accordance with the terms of such Contract on the Signing Date and provided that such Contract has been made available in the Data Room to the Purchaser at least five Business Days prior to the Signing Date;

(d) any act or conduct which any Group Company is required to take, or omit to take, as a result of, or in order to comply with, any law or regulation;

(e) the entering into in the ordinary course of business of any contract or commitment (other than any contract of a nature described in Clause 10.1(f), 10.1(g) (provided that the dollar amount in 10.1(g) shall be deemed to be $5,000,000) or 10.1(h) of Part B of Schedule 5) on terms consistent with the Company's current business plan and strategy (and the performance of such contracts or commitments);

(f) to the extent specifically described in Section 4.2(f) of the Disclosure Letter, any (i) scheduled increases in salaries or wages with respect to any employee of any member of the Group with a total base pay of no more than $125,000, in an absolute amount not to exceed $100,000, and an individual amount not to exceed 3% of such employee's previous salary or wages prior to the increase or (ii) any scheduled increases in salaries or wages with respect to any employee of any member of the Group as required pursuant to collective bargaining agreements;

(g) any matters necessary to be undertaken in order to comply with the requirements of any Governmental Authority; or

(h) any action required by this Agreement or another Transaction Document.

The Purchaser will use reasonable endeavours to respond within five Business Days of receipt of a written request from the Seller for Purchaser approval under Clause 4.2(a) and if no response is received it shall be deemed to be granted.

5. COMPLETION

5.1 The Seller and the Purchaser shall effect Completion at the offices of the Notary four Business Days after all of the Conditions are satisfied or waived, or at such other time and/or venue as may be agreed in writing between the Seller and the Purchaser.

5.2 Prior to or at Completion the Purchaser shall deliver or take (or cause to be delivered or taken) the documents and actions listed in paragraph 1 of Schedule 4 and subject thereto the Seller shall deliver or take (or cause to be delivered and taken) the documents and actions listed in paragraph 2 of Schedule 4.

5.3 If any foregoing provision of this Clause 5 is not complied with in any material respect the Purchaser (in the case of non-compliance by the Seller) or the Seller (in the case of non-compliance by the Purchaser) shall be entitled (in addition to and without prejudice to all other rights or remedies available to it, including the right to claim damages) by written notice to the other:

(a) to elect not to proceed with the transactions set out herein whereupon the provisions of Clause 3.8 shall apply; or

(b) to effect Completion so far as practicable having regard to the non-compliance or defaults which have occurred; or

(c) to fix a new date for Completion not being later than the Long Stop Date in which case this Clause 5.3 shall apply to Completion as so deferred.

5.4 If the Seller or the Purchaser postpones Completion to another date in accordance with Clause 5.3(c), the provisions of this Agreement apply as if that other date is the Completion Date, provided that the Credit Agreement Debt Amount shall be recalculated.

6. COMPANY WARRANTIES

6.1 The Company warrants to the Purchaser in the terms of the Company Warranties at the Signing Date and at Completion.

6.2 Each of the Company Warranties set out in each paragraph of Part B of Schedule 5 shall be separate and independent and, save as otherwise expressly provided in this Agreement, shall not be limited by reference to any other paragraph of Part B of Schedule 5.

6.3 The Company Warranties are qualified to the extent, but only to the extent, of those matters fairly disclosed in this Agreement, the Disclosure Letter or the Data Room.

7. SELLER WARRANTIES

7.1 The Seller warrants to the Purchaser and the Purchaser Designee in the terms of the Seller Warranties at the Signing Date and at Completion.

7.2 Each of the Seller Warranties set out in each paragraph of Part A of Schedule 5 shall be separate and independent and, save as otherwise expressly provided in this Agreement, shall not be limited by reference to any other paragraph of Schedule 5.

7.3 The undertakings of the Seller in this Agreement shall survive Completion in accordance with their terms but following Completion the Seller shall not be liable for monetary damages to the Purchaser in respect of any Claim for breach of an undertaking other than a Specified Claim. With respect to any Specified Claim, Purchaser shall give written notice specifying in reasonable detail the matter which gives rise to such Specified Claim, the nature of the Specified Claim and (to the extent reasonably available to the Purchaser or the Purchaser Designee) the amount claimed, as soon as reasonably practicable after the Purchaser has become aware of such Specified Claim, and in any event by no later than the date falling either (i) six months from the Completion Date in the case of a Claim under Clause 10 or (ii) 18 months from the Completion Date in the case of any other Specified Claim.

7.4 The maximum aggregate liability of the Seller for all Specified Claims shall be the Sale Consideration Amount.

7.5 The Seller undertakes to disclose in writing to the Purchaser as promptly as practicable anything which is or could reasonably be expected to constitute a material breach of or be inconsistent with any of the Seller Warranties or Company Warranties that comes to its notice either before or at the time of Completion.

7.6 The Seller undertakes, if any claim is made against it in connection with the sale of the Sale Shares to the Purchaser or a Purchaser Designee, not to make any claim against any Group Company or any director, employee, agent or adviser of any Group Company on whom it may have relied before agreeing to any term of the Transaction Documents, delivering any certificate pursuant to paragraph 2(a)(v) or (vi) of Schedule 4 or authorising any statement in the Disclosure Letter.

7.7 Nothing in this Agreement shall limit a Party's remedies in respect of fraud or fraudulent misrepresentation.

8. LIQUIDATION OF SELLER POST-COMPLETION

The Purchaser hereby acknowledges and agrees that following Completion the sole shareholder of the Seller may if it so wishes appoint a liquidator and commence proceedings in Luxembourg to liquidate the Seller and fully wind up its affairs, provided, that as a condition to such liquidation, DHCVM and Euroland have assumed certain of Seller's obligations hereunder pursuant to the Assumption Agreement and that the Assumption Agreement remains in full force and effect

enforceable against DHCVM and Euroland in accordance with its terms. Upon DHCVM and Euroland entering into and delivering the Assumption Agreement, the Purchaser and any Purchaser Designee further acknowledge and agree that the Purchaser or Purchaser Designee would only have a Claim against the liquidator for (i) non-monetary remedies, or (ii) remedies that do not require the liquidator to pay monies to the Purchaser or any Purchaser Designee.

9. PURCHASER'S WARRANTIES

9.1 The Purchaser warrants to the Seller that:

(a) the Purchaser is validly incorporated, in existence and duly registered under the laws of its jurisdiction of incorporation;

(b) the Purchaser has the requisite power and authority to enter into and to perform each Transaction Document to which it is a party;

(c) each Transaction Document to be entered into by the Purchaser constitutes or will, when executed, constitute, a legally valid and binding obligation of the Purchaser;

(d) compliance with the terms of each Transaction Document does not and will not conflict with or constitute a default or a breach under any provision of:

(i) the certificate of incorporation or by-laws of the Purchaser; or

(ii) any order, judgment, award, injunction, decree, ordinance, law or regulation or any other restriction of any kind or character by which the Purchaser is bound or submits; or

(iii) any agreement, instrument or contract to which the Purchaser is a party or by which it is bound;

other than, in the case of the foregoing subclauses (ii) and (iii), as would not, individually or in the aggregate, have a material adverse effect on the Purchaser's ability to consummate the transactions contemplated by this Agreement;

(e) except as needed to satisfy the Competition Condition, the Purchaser is not required to obtain any consent or approval of, or give any notice to or make any registration with, any Governmental Authority which has not been obtained or made at the date hereof both on an unconditional basis and on a basis which cannot be revoked (save pursuant to any legal or regulatory entitlement to revoke the same other than by reason of any misrepresentation or misstatement), other than as would not, individually or in the aggregate, have a material adverse effect on the Purchaser's ability to consummate the transactions contemplated by this Agreement;

(f) as of the Signing Date, there are no outstanding proceedings pending or, to the knowledge of the Purchaser, threatened against the Purchaser, challenging or

seeking to restrain or prohibit any of the transactions contemplated by this Agreement or any other Transaction Document; and

(g) the Purchaser will have access to sufficient funds on the Completion Date to enable it or the Purchaser Designee to pay the amounts set forth in Section 2.3 of this Agreement.

10. NO LEAKAGE UNDERTAKING

10.1 The Seller undertakes to the Purchaser and the Purchaser Designee that:

(a) between the Locked Box Date to (and including) the Signing Date there has not been any Leakage; and

(b) there shall not be any Leakage other than Permitted Leakage from the Signing Date to (and including) the Completion Date.

10.2 The Seller undertakes that if there is a breach of any of the undertakings set out in Clause 10.1, it shall pay to the Purchaser or, if so requested in writing by the Purchaser, to a Purchaser Designee or a Group Company, an amount in cash (in the same currency as the Leakage) equal to the amount of such Leakage (reduced to take into account any Tax Benefit actually realized by a Group Company as a result of such Leakage, and increased by (i) any Taxes actually payable with respect to the receipt of such payment, and (ii) the product of (A) the reduction of any net operating losses resulting from the receipt of such payment and (B) the applicable statutory Tax rate, provided that this clause (ii) shall not apply to the extent of any increase in net operating losses of the recipient resulting from the Leakage with respect to which such payment is made) and, if applicable to such Leakage, shall terminate, cancel and rescind any and all Contracts that constitute Leakage (other than Permitted Leakage).

10.3 For the purposes of this Agreement, the term "**Leakage**" means:

(a) any interest payment or any dividend, or distribution (cash or non-cash) declared, paid, made or agreed or obligated to be made by any Group Company to the Seller or any Related Person, or the issue or sale of any securities of any Group Company to the Seller or any Related Person;

(b) any other payments paid, made or agreed to be made (including management fees, monitoring fees, service or directors' fees, bonuses or other compensation of any kind) by any Group Company to or for the benefit of the Seller or any Related Person;

(c) any transfer of Assets of any Group Company to or for the benefit of the Seller or any Related Person or assumption, indemnification or incurrence by any Group Company of any Liability of or for the benefit of the Seller or any Related Person or any repayment of Indebtedness by the Seller to any related Person or payment by any Group Company of Tax due by the Seller or any Related Person, or any agreement or obligation to take such action;

(d) any Transaction Expenses to the extent paid, payable, assumed, indemnified or incurred by any Group Company but not including any amounts paid prior to the Locked Box Date;

(e) any payments made, or agreed to be made by any Group Company to the Seller or any Related Person for the purchase, redemption, repurchase, repayment or acquisition of any share capital or other securities of any member of the Group, or any return of capital to the Seller or any Related Person;

(f) the waiver or agreement to waive by any Group Company of (i) any amount owed to that Group Company by the Seller or by any Related Person or (ii) any claims by a Group Company in respect of any Contract with the Seller or any Related Person; and

(g) the payment or agreement to pay by any Group Company of any fees, costs or Tax or other amounts as a result of those matters set out in subclauses (a) to (f) above.

10.4 For the purpose of this Agreement, the term "**Permitted Leakage**" means the success or exit bonuses related to the Transaction paid to certain directors and employees of Norit Americas, Inc. and Norit Nederland B.V. up to a maximum amount of (i) US$1,348,000 (the aggregate maximum amount for all such persons required to be paid in US Dollars); and (ii) €407,000 (the aggregate maximum amount for all such persons required to be paid in euros), as set forth in Schedule 10.4 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter.

10.5 Without prejudice to the Purchaser's rights under Clause 10.1 and 10.2, the Parties acknowledge that Schedule 9 sets forth Leakage that is not Permitted Leakage and that such will be deducted from the amount otherwise payable to the Seller pursuant to this Agreement on the Completion Date.

10.6 For the purposes of this Agreement, the term "**Related Persons**" means, with respect to the Seller, the Affiliates of Seller (other than the Group Companies) and the Seller's and its Affiliates' respective directors, officers, members, partners, managers and employees; provided, however, that non-controlling investors in any fund which holds shares in an Affiliate of Seller shall not be deemed a Related Person solely by virtue of such investment.

10.7 For the avoidance of doubt, no amount of Leakage shall be double counted to the extent that it qualifies under one or more sub-Clauses of Clause 10.3 as Leakage.

11. TAX AFFAIRS

11.1 Schedule 8 will apply to Tax affairs.

12. BOOKS AND RECORDS

12.1 The Purchaser shall and shall procure that the Group Companies shall retain for a period of 7 years from Completion, or such longer period as may be prescribed by applicable Law, all books, records and other written information relating to the Group

Companies or their assets, liabilities and or business delivered to the Purchaser in connection with the consummation of the Transactions.

12.2 For 7 years following Completion, each Party shall, and Purchaser shall procure that the Group Companies shall, allow the other Parties and their Representatives upon reasonable written notice and at the notifying Party's expense, reasonable access during normal business hours to such books, records and other information related to the Group Companies, including the right to inspect and take copies, as may be reasonably required by such Party in order to enable such Party to comply with its statutory and contractual obligations, including its obligations under this Agreement, provided that any such access will be conducted under the supervision of personnel of the other Party and in such a manner as not to interfere unreasonably with the normal operation of the business of the other Party or, in the case of the Purchaser, the Group Companies, as the case may be.

12.3 To the extent any such access may result in the disclosure of Confidential Information, the Party receiving such Confidential Information shall in that respect be subject to the restrictions set forth in Clause 17.

13. NON-SOLICITATION

13.1 The Seller covenants with the Purchaser for itself (and as trustee for each Group Company) that it shall not, and shall procure that no member of the Seller's Group or Affiliate of Seller following Completion shall, directly or indirectly for a period of two years from Completion, induce or attempt to induce any director (other than a director resigning at Completion) or Senior Employee or Key Technical Employee of a Group Company to leave the employment of or relationship with that Group Company or enter into any employment or services agreement with the Seller or any member of the Seller's Group or Affiliate of Seller.

13.2 The restriction in Clause 13.1 shall not restrict the placing or procuring the placing of any *bona fide* recruitment advertisement for employees and communicating with or recruiting, employing or otherwise contracting with any person who, unsolicited by or on behalf of the other Party, responds to such advertisement.

14. NON-COMPETITION

14.1 The Seller hereby covenants and agrees with the Purchaser (on behalf of itself and as trustee for the Purchaser's Group) that during the period from the Completion Date until the third anniversary of the Completion Date (the "**Restriction Period**"), the Seller shall not (and shall cause its Affiliates not to), directly or indirectly (including by means of licensees, subcontractors, distributors, agents or other representatives), (a) engage in, continue in or carry on any business that competes to a material extent with the Activated Carbon Business as carried on by the Group Companies (a "**Competitive Business**"), or (b) consult with, advise or assist in any way, whether or not for consideration, any Competitive Business, including advertising or otherwise endorsing the products or services of any such competitor, soliciting customers or otherwise serving as an intermediary for any such competitor or loaning money, investing in, purchasing securities of or rendering any other form of financial

assistance to any such competitor; provided, however, that the foregoing shall not prohibit the ownership of not more than ten percent (10%) of the securities of any corporation or other entity that is listed on a national securities exchange or traded in the national over-the-counter market. The geographic scope of this covenant not to compete shall extend throughout the world. The Purchaser may sell, assign or otherwise transfer this covenant not to compete, in whole or in part, to any person or entity that purchases all or any portion of the business of the Group Companies. Recognising the specialized nature of the Activated Carbon Business, the Seller acknowledges and agrees that the duration, geographic scope and activity restrictions of this covenant not to compete are reasonable.

14.2 The restrictions in Clause 14.1 shall not prohibit the Seller or any of its Affiliates after Completion from acquiring any company or business and, as a result of such acquisition, acquiring a Competitive Business, provided that the acquired company's or business's turnover attributable to such Competitive Business represents less than twenty percent (20%) of the total consolidated turnover of such company or business.

15. ADDITIONAL SELLER UNDERTAKINGS

15.1 Subject to receiving the Shareholder Loan Amount from the Purchaser or a Purchaser Designee, the Seller shall procure that:

(a) the Shareholder Loans shall be settled, cancelled, terminated, released and discharged in full on or prior to Completion without any Liability to any member of the Purchaser Group or any Group Company; and

(b) the Shareholder Loans shall be of no force and effect following Completion.

15.2 From the Signing Date until the Completion Date, except as prohibited by applicable Law, the Seller shall cause the Group Companies and their relevant officers, employees, agents, independent accountants and advisors to furnish to the Purchaser and its Representatives, at reasonable times and places, (a) such access to the facilities and the employees of the Group Companies as the Purchaser may from time to time reasonably request, (b) such access to the assets, books and records of the Group Companies as the Purchaser may from time to time reasonably request and (c) such access to financial and operating data and other information relating to the Group Companies as the Purchaser may from time to time reasonably request, including access to the work papers of the Seller's and its Affiliates' and the Group Companies' auditors (with the consent of such auditors), in each case to the extent that such information can be provided without breaching any relevant competition Law. If, at any time after the Signing Date, the Purchaser wishes to insure against liabilities of the Purchaser and the Group Companies in respect of claims for breaches of the Seller Warranties or Company Warranties, the Seller shall provide such information as a prospective insurer may reasonably require before effecting the insurance, subject to the Purchaser and its insurer only using such information for that purpose and keeping such information confidential in accordance with Clause 17 of this Agreement, and shall otherwise reasonably cooperate with Purchaser in connection therewith.

15.3 From the Signing Date until the Completion Date, the Seller shall cause the Group Companies to, as promptly as reasonably practicable, use reasonable endeavours to, and shall use reasonable endeavours to cause their respective Representatives to, provide to Purchaser such cooperation as reasonably requested by Purchaser in connection with Purchaser's financing, including: (i) senior management participating in a reasonable number of lender and investor meetings, presentations, road shows, bank sessions, due diligence sessions and sessions with rating agencies; (ii) assisting with the preparation of materials for rating agency presentations, offering documents, confidential information memoranda, private placement memoranda, bank information memoranda, lender slides, prospectuses and similar documents required in connection with the financing, including execution and delivery of customary representation letters in connection with bank information memoranda; (iii) furnishing Purchaser and its financing sources with the financial statements and other information regarding the Group Companies described in Section 2(a)(vii) of Schedule 4 (provided that, for purposes of this Section 15.3, the "Completion Date" in Section 2(a)(vii) of Schedule 4 shall be replaced with "the date such information is requested by Purchaser") and such other information as reasonably requested by the Purchaser (such information in this clause (iii), the "**Required Information**") and projections as to the future performance of the Group Companies; (iv) cooperating in good faith with and assisting Purchaser in obtaining customary accountants' comfort letters including "negative assurance" comfort and consents of accountants for use of their reports in any materials relating to the financing, legal opinions, appraisals, surveys, title insurance and other customary documentation and items relating to financing as reasonably requested by Purchaser; (v) executing and delivering, as of Completion, any pledge and security documents, other financing documents, as may be reasonably requested by Purchaser on a no personal liability basis and otherwise reasonably facilitating the pledging of collateral (including cooperation in connection with the pay-off of Credit Agreement Debt and the release of related Encumbrances); (vi) taking commercially reasonable actions necessary to (A) permit the prospective lenders involved in the financing to evaluate the Group Companies' current assets, cash management and accounting systems, policies and procedures relating thereto for the purposes of establishing collateral arrangements as of Completion and (B) establish, effective as of Completion, bank and other accounts and blocked account agreements and lock box arrangements in connection with the financing; (vii) taking all corporate actions, subject to Completion, reasonably requested by Purchaser that are necessary or customary to permit the consummation of the financing and the transactions contemplated by this Agreement. The Seller will notify Purchaser of any material error, mistake or omission in the Required Information or the other information provided pursuant to this Clause 15.3 that it becomes aware of and if requested by Purchaser will use its commercially reasonable endeavours to promptly correct such error, mistake or omission. The Seller hereby consents to the use of its and the Group Companies' names and logos in connection with the financing. Where any action is to be performed or done at or as of Completion, no liability as a result of taking such action prior to Completion shall attach to a Group Company if Completion does not occur. The Purchaser shall indemnify and hold harmless the Seller, Euroland and their respective Related Persons and representatives (other than the Group Companies), and if Completion does not occur, the Group Companies, from and against any and all liabilities, losses, damages, claims, costs, expenses,

interest, awards, judgments and penalties suffered or incurred by them in connection with any action, claim, arbitration, litigation or suit brought by a third party related to the arrangement of any financing by Purchaser (including any action taken in accordance with this Clause 15.3) and any information utilised in connection therewith.

15.4 From the Signing Date to the Completion Date, the Seller shall, and shall cause the Group Companies to, take such actions with respect to any Intragroup Arrangement as Purchaser requests, provided that (i) the effectiveness of any such action may be conditioned upon the occurrence of the Completion and (ii) Seller shall not be required to take any action that conflicts with the performance of Seller's obligations and undertakings under this Agreement.

15.5 Upon execution of this Agreement, the Seller shall withdraw from registration process with the SEC.

15.6 The Seller shall cooperate in good faith with Purchaser in making any filings, applications or submissions with respect to material site operating or environmental Permits in connection with the Transaction and in seeking any consents, approvals or waivers in connection therewith.

15.7 Between the Signing Date and the Completion Date, Seller will not, and will cause its Affiliates and Representatives not to, entertain, solicit, encourage or facilitate any inquiries or the making of any proposal or offer, or engage in any negotiations or discussions, with respect to, or provide any information in connection with any proposal or inquiry relating to, (i) any merger, reorganization, share exchange, consolidation or similar transaction involving any Group Company, (ii) any purchaser or sale of any equity interest in any Group Company or any material portion of any Group Company's Assets, or (iii) any other transaction (other than a transaction expressly permitted by this Agreement) that could reasonably be expected to be inconsistent with the consummation by the Seller of the Transaction on the terms hereof.

15.8 Nothing in this Clause 15 shall require the Seller or any of its Affiliates of its or their respective Representatives to disclose any confidential Intellectual Property of the Group.

16. ANNOUNCEMENTS

16.1 The Parties hereby agree to the release of the Press Announcement promptly following the Signing Date.

16.2 Save for the Press Announcement (and any announcement that is consistent in all material respects with the Press Announcement or any other announcement made in accordance with this Clause 16) and subject to Clause 16.3, no public announcement concerning the existence or subject matter of this Agreement shall be made by any Party without the prior written approval of the Purchaser in the case of any announcement by the Seller, or the Seller in the case of any announcement by the Purchaser, in each case with such approval not to be unreasonably withheld or delayed.

16.3 Notwithstanding Clause 16.2:

(a) Purchaser may file with or furnish to the SEC any documents or disclosures (including on Form 8-K or 10-Q) it reasonably believes to be required by applicable Law;

(b) Seller and Purchaser may make any HSR Act or other regulatory filing or disclosure required by Law; and

(c) Purchaser may make any press release, public announcement or presentation, or hold any meeting or conference call with investors, potential investors or analysts as Purchaser reasonably deems to be customary and appropriate for a publicly held company engaged in a material transaction.

16.4 The restrictions contained in this Clause 16 shall terminate upon Completion.

17. CONFIDENTIALITY

17.1 Subject to Clauses 17.3 and 17.5, each Party shall, and shall cause its Affiliates to, treat as strictly confidential and not disclose to any other person any data or information received or obtained as a result of entering into or performing this Agreement which relates to the existence of this Agreement, the provisions of this Agreement, the negotiations and subject matter of this Agreement and the other Parties (including written information and information transferred or obtained orally, visually, electronically or by any other means) ("**Confidential Information**"). In the case of Seller and its Affiliates from and after Completion (other than with respect to administration, compliance, marketing and fundraising activities of such entities), information regarding the Group Companies shall also be considered "Confidential Information."

17.2 In the event of the termination of this Agreement pursuant to Clause 3.8 or Clause 5.3(a), each Party shall at its own expense, within 7 calendar days of such termination:

(a) return, or cause to be returned, all Confidential Information provided to it and all copies thereof without keeping any copies thereof;

(b) destroy, or cause to be destroyed, all analyses, compilations, notes, studies, memoranda or other documents prepared by it to the extent that the same contain, reflect or derive from any Confidential Information, save as required to comply with any Law or the requirements of any Governmental Authority; and

(c) so far as it is practicable to do so (but, in any event without prejudice to the obligations of confidentiality contained herein), expunge, or cause to be expunged, any Confidential Information relating to each other Party from any computer, word processor or other device save such information as is reasonably necessary to protect the legal rights of the Parties.

17.3 A Party may disclose information which would otherwise be subject to the provisions of Clause 17.1, and may retain information referred to in Clause 17.2, if and to the extent:

(a) it is required by applicable Law to which such Party is subject;

(b) it is an announcement made in accordance with the provisions of Clause 16;

(c) it is required by any securities exchange or Governmental Authority to which any Party is subject or submits, wherever situated, whether or not the requirement for information has the force of law;

(d) it is disclosed on a strictly confidential basis to the (i) the Representatives of that Party or (ii) in the case of the Purchaser, to a third party for the purposes of securing, arranging or seeking to secure or arrange financing in relation to the Transaction;

(e) to the extent relevant, it is disclosed on a strictly confidential basis to directors and/or employees of that Party, to its Affiliates or to directors and/or employees of its Affiliates;

(f) other than in the case of the Seller with respect to information regarding the Group Companies, it was lawfully in its possession or in the possession of any of its Affiliates or Representatives (in either case as evidenced by written records) free of any restriction as to its use or disclosure prior to it being so disclosed;

(g) the information has come into the public domain through no fault of that Party or any of its Affiliates or Representatives;

(h) that the Seller (in relation to disclosure by the Purchaser) or the Purchaser (in relation to disclosure by the Seller) has given prior written consent to the disclosure; or

(i) it is required to enable that Party to perform this Agreement or enforce its rights under this Agreement and/or disclosure is required for the purposes of any Proceedings;

and provided that to the extent permitted by applicable Law or such securities exchange or Governmental Authority any information to be disclosed in reliance on subclauses 17.3(a) or (c) shall be disclosed only after consultation with the Purchaser (in the case of intended disclosure by the Seller) or the Seller (in the case of intended disclosure by the Purchaser) and the Party intending to disclose the confidential information shall take into account and give due consideration to the reasonable comments or requests of such other Party.

17.4 Each of the Parties hereby agrees that it shall not use Confidential Information for any purpose other than in relation to the proper performance of its obligations and exercise of its rights under this Agreement (and the transactions contemplated hereby) or in connection with the business of the Group Companies.

17.5 Each of the Parties undertakes that it shall, and shall procure that its Affiliates shall, only disclose Confidential Information to any of its Representatives to the extent such Party believes in good faith it is reasonably required for purposes connected with this Agreement (or the other Transaction Documents) and only if the Representative is informed of the confidential nature of the Confidential Information.

17.6 The restrictions contained in this Clause 17 shall continue to apply for 24 months following termination of this Agreement.

17.7 Without prejudice to any other rights or remedies that the Parties may have, the Parties acknowledge and agree that damages alone would not be an adequate remedy for any breach by them of this Clause 17 and that the remedies of injunction and specific performance as well as any other equitable relief for any threatened or actual breach of this Clause 17 by any Party would be more appropriate remedies.

17.8 This Clause 17 supersedes the confidentiality agreement dated 22 December 2011 between Purchaser and Doughty Hanson & Co Managers Limited which shall cease to have any further effect from and after the Signing Date.

17.9 Seller acknowledges that Purchaser will file this Agreement with the SEC, pursuant to which this Agreement will become publicly available, and may file other Transaction Documents with the SEC, pursuant to which such Transaction Documents will become publicly available.

18. NOTICES

18.1 Any notice or other communication to be given under or in connection with this Agreement (save for such notice or communication as constitutes Proceedings) (a "**Notice**") shall be:

(a) in writing in the English language;

(b) signed by or on behalf of the Party giving it; and

(c) delivered personally by hand or courier (using an internationally recognised courier company) or by facsimile or by email (subject to receipt being confirmed), to the Party due to receive the Notice, to the address and for the attention of the relevant Party set out in this Clause 18 (or to such other address and/or for such other person's attention as shall have been notified to the giver of the relevant Notice and become effective (in accordance with this Clause 18) prior to dispatch of the Notice).

18.2 In the absence of evidence of earlier receipt, any Notice served in accordance with Clause 18.1 shall be deemed given and received:

(a) in the case of personal delivery by hand or courier, at the time of delivery at the address referred to in Clause 18.4;

(b) in the case of facsimile, when confirmation of its successful transmission has been recorded by the sender's fax machine; and

(c) in the case of email, upon acknowledgement of receipt by the recipient.

18.3 For the purposes of this Clause 18:

(a) all times are to be read as local time in the place of deemed receipt; and

(b) if deemed receipt under this Clause 18 is not within business hours (meaning 9.00 a.m. to 5.30 p.m. Monday to Friday on a day that is not a public holiday in the place of receipt), the Notice is deemed to have been received at 10:00 a.m. on the next Business Day in the place of receipt.

18.4 The addresses of the Parties for the purpose of this Clause 18 are as follows:

(a) The Seller:

N Beta S.à r.l.
28, boulevard Royal
L-2449 Luxembourg

With a copy (which shall not constitute, or be essential for, valid notice) to:
Graeme Stening
Head of Legal Affairs
Doughty Hanson & Co
45 Pall Mall
London SW1Y 5JG
UK

Telephone: +44 (0) 207 663 9484
Fax: +44 (0) 207 663 9354

And to:

Allan Murray-Jones
Skadden, Arps, Slate, Meagher & Flom (UK) LLP
40 Bank Street
Canary Wharf
London E14 5DS

Telephone: +44 (0) 207 519 7199
Fax: +44 (0) 207 072 7199

And to:

Euroland Purification II B.V.
P.O. BOX 92
7620 AB Borne
The Netherlands

Telephone: +31 (0) 88 56 00 100
Fax: +31 (0) 88 56 00 109

(b) The Purchaser (or the Company, from and after Completion):

Cabot Corporation
Two Seaport Lane, Suite 1300
Boston, MA 02210
Attention: General Counsel
Telephone: (617) 342-6175
Fax: (617) 342-6039

With a copy (which shall not constitute, or be essential for, valid notice) to:

Daniel A. Neff
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Telephone: 212-403-1000
Fax: 212-403-2000

Ton Schutte
De Brauw Blackstone Westbroek
Claude Debussylaan 80
1082 MD Amsterdam
The Netherlands
Telephone: +31 20 577 1771
Fax: +31 20 577 1775

18.5 In proving service it shall be sufficient to prove that the envelope containing the notice or communication was properly addressed and delivered to the address shown thereon, or that the facsimile containing the notice or communication was transmitted to the fax number of the relevant Party.

18.6 If a Party can reasonably assume that the person for whose attention a Notice is marked in relation to another Party, or a director of such other Party, is aware that such a Notice has been given, such Notice shall be deemed to be validly given from the time at which such person had that awareness.

18.7 Any Party may notify the other Parties of any change to its name, address or facsimile number for the purpose of this Clause 18, provided that such notice shall be sent to each of the other Parties and shall only be effective on:

(a) the date specified in the notice as the date on which the change is to take effect; or

(b) if no date is so specified or the date specified is less than three Business Days after which such notice was given (or deemed to be given), the fourth Business Day after the notice was given or deemed to be given.

18.8 A notice or other communication required to be given under or in connection with this Agreement shall not be validly given if sent by email.

19. POST-COMPLETION UNDERTAKINGS

19.1 The Seller and its Affiliates shall cease to use the "Norit" name and any variations thereof (including by changing the name of any entity whose name contains the "Norit" name or variation thereof) as soon as practicable following Completion and in any event within two months of Completion, provided that the foregoing shall not apply to the Sponsors' communications with investors or prospective investors, internal administration and compliance with Law.

19.2 The Seller shall cooperate in good faith with Purchaser to procure the consent of the independent auditors of the Group Companies to the filing by the Purchaser with the SEC of the financial statements of the Group Companies following Completion and the incorporation by reference of those financial statements as required by the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and will otherwise reasonably cooperate with the Purchaser in connection therewith.

20. ASSIGNMENT

20.1 Subject to Clauses 2.7, 8 and 14.1, no Party may assign the benefit of this Agreement (in whole or in part) or transfer, declare a trust of or otherwise dispose of in any manner whatsoever its rights and obligations under this Agreement or sub-contract or delegate its performance under this Agreement (each of the above a "**dealing**") without the prior written consent of all of the other Parties, such consent to be at the absolute discretion of the other Parties to withhold.

20.2 Any dealing or purported dealing in contravention of this Clause 20 shall be ineffective.

20.3 Save as in respect of Clause 23, each Party that has rights under this Agreement is acting on its own behalf and not for the benefit of another person.

21. COSTS AND EXPENSES

21.1 Save as otherwise expressly provided in this Agreement (including but not limited to Clause 10 (*No Leakage Undertaking*)), each Party shall pay its own costs and expenses in relation to the negotiations leading up to the sale of the Sale Shares and to the preparation, execution and carrying into effect of this Agreement and all of the other Transaction Documents.

21.2 The Purchaser shall pay all filing fees required in connection with notifications required under any Competition Laws.

21.3 All stamp duty and other transfer Tax of any nature payable on or in respect of the transfer of the Sale Shares and any notarial fees shall be borne by the Purchaser or the Purchaser Designee; provided, that the Seller shall indemnify the Purchaser and the Purchaser Designee for any Dutch real estate transfer Tax recapture arising out of,

relating to or imposed in connection with any transaction entered into by the Seller, the Company or any of their current or former Affiliates prior to Completion.

22. INVALIDITY

If at any time any provision of this Agreement shall be held to be illegal, void, invalid or unenforceable in whole or in part under any enactment or Law in any jurisdiction, then:

(a) such provision shall:

(i) to the extent that it is illegal, void, invalid or unenforceable be given no effect and shall be deemed not to be included in this Agreement; and

(ii) not affect or impair the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or the legality, validity or enforceability under the Law of any other jurisdiction of such provision or any other provision of this Agreement; and

(b) the Parties shall use all reasonable endeavours to replace such a provision with a valid and enforceable substitute provision which carries out, as closely as possible, the intentions of the Parties under this Agreement.

23. THIRD PARTY RIGHTS

23.1 Subject to Clauses 2.7, 15.2 and 23.2, the parties do not intend that any term of this Agreement should be enforceable by any person other than a Purchaser Designee (a "**Third Party**") who is not a party to this Agreement by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise.

23.2 The parties intend that any benefits conferred by this Agreement on the Purchaser shall also be conferred upon and enforceable by any Purchaser Designee as defined herein. Any Purchaser Designee shall have the rights shall have the benefits expressed to be conferred on it by this Agreement.

23.3 Notwithstanding the provisions of Clause 23.1 or any benefits conferred by this Agreement on any Third Party by virtue of the Contracts (Rights of Third Parties) Act 1999, the Parties may amend, vary, waive, terminate or rescind this Agreement at any time and in any way without the consent of any Third Party.

24. NOTARY

The Notary is a civil law notary with De Brauw Blackstone Westbroek N.V., legal advisers to the Purchaser. The Seller acknowledges that it is aware of the provisions of the Ordinance Containing Rules of Professional Conduct and Ethics of the Royal Professional Organisation of Civil Law Notaries. The Seller acknowledges and agrees that De Brauw Blackstone Westbroek N.V. may advise and act on behalf of the Purchaser and its Affiliates with respect to this Agreement, the Transaction Documents and/or any disputes related thereto or arising therefrom.

25. FURTHER ASSURANCE

Without prejudice to any other provision of this Agreement, each Party shall, at the cost and expense of the requesting Party if such action is not contemplated by the other provisions of this Agreement, on being requested in writing to do so by the requesting Party, do or procure the doing of all such acts and/or execute or procure the execution of such documents or deeds as the requesting Party may from time to time reasonably require in order to vest any of the Sale Shares in the Purchaser free and clear of all Encumbrances.

26. WHOLE AGREEMENT

26.1 This Agreement together with each of the other Transaction Documents contain the whole and only agreement between the Parties in relation to the transactions contemplated by this Agreement and the Transaction Documents and supersede all previous agreements whether written or oral between all or any of the Parties in relation to such transactions. Accordingly, all other terms, conditions, representations, warranties and any other statements which would otherwise be implied (by Law or otherwise) shall not form part of the Transaction Documents.

26.2 The Purchaser acknowledges and agrees (for itself and on behalf of each other member of the Purchaser's Group) with the Seller that:

(a) it and they do not rely on and have not been induced to enter into any of the Transaction Documents on the basis of any Assurances (express or implied) other than those expressly set out in the Transaction Documents or, to the extent that it or they have been, it and they irrevocably and unconditionally agree that they shall have no rights or remedies in relation thereto and shall make no claim in relation thereto or against such parties;

(b) neither the Seller nor any member of the Group, nor any of their respective Representatives, has given or made any Assurance to the Purchaser or any other member of the Purchaser's Group or any of their respective Representatives other than those expressly set out in the Transaction Documents or, to the extent that any of them have, the Purchaser hereby (for itself and on behalf of each other member of the Purchaser's Group and such Representatives) unconditionally and irrevocably waives any claim or remedy which it or they might otherwise have had in relation thereto; and

(c) any warranty or other right which may be implied by law in relation to the sale of the Sale Shares shall be excluded or, if incapable of exclusion, irrevocably waived;

provided, that the provisions of this Clause 26.2 shall not exclude any liability which any of the Parties or, where appropriate, their Representatives would otherwise have to any other Party or, where appropriate, to any other Party's Representatives or any right which any of them may have to rescind this Agreement or any Transaction Document in respect of any statements made fraudulently by any of them prior to the execution of this Agreement or any rights which any of them may have in respect of fraudulent misrepresentation by any of them.

26.3 Without prejudice to the foregoing provisions of Clause 26.2, the Purchaser acknowledges and agrees that neither the Seller nor any member of the Group nor their respective Representatives, makes nor has previously made (other than in the Transaction Documents) any representation, warranty or undertaking as to the accuracy of the forecasts, estimates, projections, statements of intent, statements of opinion or any other information provided to the Purchaser or any of its Representatives (howsoever provided) on or prior to the Signing Date, including anything contained in the Data Room or other materials provided at or in relation to the presentations by the Representatives of the Seller and/or the management of the Group Companies to, and the related "Q&A" sessions with, the Purchaser and/or its Representatives.

27. VARIATION AND WAIVER

27.1 No variation of this Agreement shall be effective unless it is in writing (which for this purpose, does not include email) and signed by or on behalf of each of the Parties. The expression "**variation**" shall, in each case, include any variation, supplement, deletion or replacement however effected.

27.2 Any waiver or any right or default hereunder shall be effective only in the instance given and will not operate as or imply a waiver of any other or similar right or default on any subsequent occasion. No waiver of this Agreement or of any provision hereof will be effective unless in writing and signed by the Party against whom such waiver is sought to be enforced.

27.3 Any delay by any Party in exercising, or failure to exercise, any right or remedy under this Agreement shall not constitute a waiver of the right or remedy or a waiver of any other rights or remedies and no single or partial exercise of any rights or remedy under this Agreement or otherwise shall prevent any further exercise of the right or remedy or the exercise of any other right or remedy.

28. COUNTERPARTS

28.1 This Agreement may be executed in counterparts, and by the Parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement, but the counterparts shall together constitute one and the same instrument.

29. PAYMENTS AND NO SET-OFF

29.1 Subject to Clauses 2.5 and 10.5, every amount payable under this Agreement by one Party to another shall be made in full without any set-off or counterclaim howsoever arising and shall be free and clear of deduction or withholding of any kind, other than any deduction or withholding required by Law. No Party shall be entitled to deduct and withhold any amount from any payments made pursuant to this Agreement unless and to the extent it is required to so deduct and withhold under applicable Law. To the extent that amounts are so deducted and withheld, such amounts shall be treated for all purposes of this Agreement as having been paid to the person in respect of which such deduction or withholding was made.

29.2 Unless otherwise expressly stated in this Agreement, all payments to be made under this Agreement shall be made in US dollars to such account as the receiving Party directs by notice to the paying Party.

30. GOVERNING LAW AND JURISDICTION

30.1 This Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter shall be governed by, and construed in accordance with, English law.

30.2 The Parties irrevocably agree to submit to the exclusive jurisdiction of the courts of England to settle any claim, dispute or difference (including non-contractual claims, disputes or differences) which may arise out of or in connection with this Agreement or its subject matter (including a dispute regarding the existence, validity, formation, effect, interpretation, performance or termination of this Agreement) and that accordingly any Proceedings be brought in such courts.

30.3 Each Party waives (and agrees not to raise) any objection, on the ground of inconvenient forum or on any other ground, to the bringing of Proceedings in the English courts.

30.4 Each Party irrevocably agrees that a judgment or order against it in Proceedings brought in England shall (provided there is no appeal pending or open) be conclusive and binding upon it and may be enforced against it in the courts of any other jurisdiction.

31. AGENT FOR SERVICE OF PROCESS

31.1 Each Party which is not a company incorporated in England and Wales shall at all times maintain an agent for service of process in England. The Seller irrevocably appoints Doughty Hanson & Co Managers Limited of 45 Pall Mall, London SW1Y 5JG and the Purchaser irrevocably appoints Slaughter and May of One Bunhill Row, London EC1Y 8YY (each such entity or any replacement agent appointed pursuant to this Clause 31.1 the "**Agent**") as its agent for such purpose.

31.2 Without prejudice to any other permitted mode of service, each Party agrees that service of any claim form, notice or other document for the purpose of any Proceedings begun in England shall be duly served upon it if served on the Agent in any manner permitted by the Civil Procedure Rules.

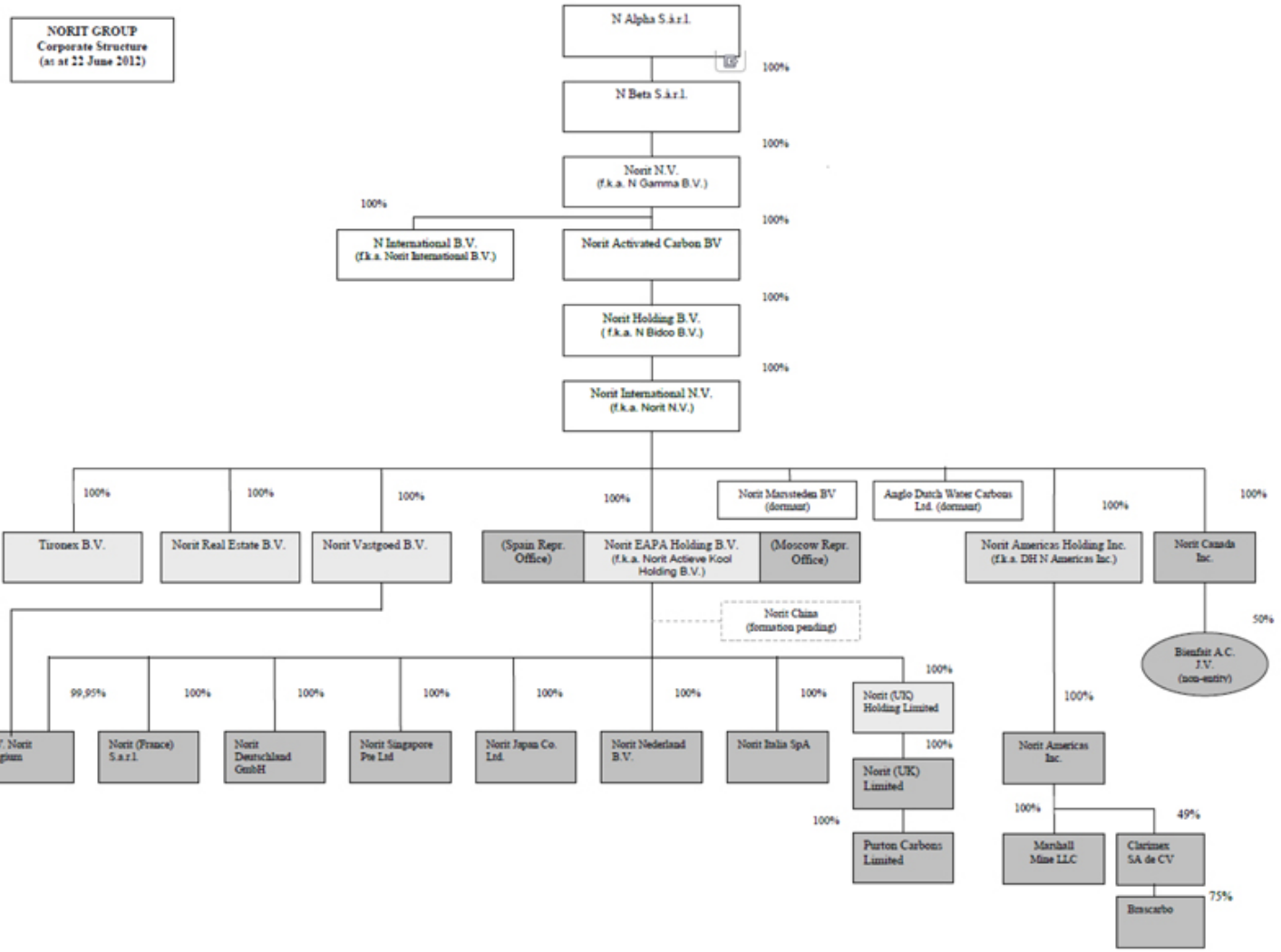
31.3 If for any reason the Agent appointed by any Party at any time ceases to act as such, the Party shall promptly appoint another such agent and promptly notify the other Parties of the appointment and the new agent's name and address. If the Party concerned does not make such an appointment within 7 Business Days of such cessation, then any other Party may do so on behalf of such defaulting Party and at its sole expense and shall notify the other Parties in writing if it does so.

AS WITNESS the hands of the parties or their duly authorised officers on the date first written on page 1 of this Agreement.

SCHEDULE 1
THE COMPANY

1.	Name:	Norit N.V.
2.	Registered Number:	34274011
3.	Date of Incorporation:	15 May 2007
4.	Jurisdiction of Incorporation:	The Netherlands
5.	Official Seat:	Amersfoort
6.	Registered Office:	Nijverheidsweg-Noord 72, (3812 PM) Amersfoort, The Netherlands
7.	Directors:	Mark Corbidge (Director A), René Kuipers (Director B), Bernard ten Doeschot (Director B), Ronald Thompson (Director B), Gerardus Maters (Director B)
8.	Secretary:	Not applicable
9.	Issued Capital:	€9,248,368
10.	Registered Shareholder(s):	N Beta S.à r.l.
11.	Accounting Reference Date:	31 December
12.	Auditors:	KPMG

SCHEDULE 2
GROUP STRUCTURE CHART



SCHEDULE 3
TRANSFER DEED

On the [•] two thousand and twelve, appearing before me,

René Clumpkens, a civil-law notary in Amsterdam, are:

I. [•], acting in his capacity of [director] of:

N Beta S.à r.l., a *société à responsabilicé limitée* incorporated under the laws of Luxembourg, having its registered office at 28, boulevard Royal, L-2449 Luxembourg, registered with the Registre de Commerce et des sociétés in Luxembourg under number B 127930 ("**Seller**")

II. [•], acting in his capacity of [director] of:

[•] ("**Purchaser**"); and

III. [•] and [•],

acting in their capacity of [directors A and B, respectively], of:

Norit N.V., a limited liability company (*naamloze vennootschap*), with its corporate seat in Amersfoort, The Netherlands, and its place of business at (3812 PM) Amersfoort, Nijverheidsweg-Noord 72, registered with the trade register under number 34274011 (the "**Company**").

RECITALS

The Seller and the Purchaser agree that:

1. The Seller is the holder of [•] ([•]) ordinary shares and [•] ([•]) preference shares in the capital of the Company, numbered [•] up to and including [•], each share having a par value of [•] (€[•]) (the "**Shares**").

2. As evidenced by an agreement dated the [•] day of [•] two thousand and twelve (the "**Share Purchase Agreement**"), the Seller has sold the Shares to the Purchaser and the Purchaser has purchased the Shares from the Seller. A copy of the Share Purchase Agreement is annexed to this deed.

TRANSFER OF SHARES

The Seller and the Purchaser further agree:

Article 1. Transfer

1.1. In performance of the Share Purchase Agreement, the Seller hereby transfers the Shares to the Purchaser, who hereby accepts the Shares.

Article 2. Purchase price and discharge

2.1. The purchase price has been set out in the Share Purchase Agreement. The purchase price has been transferred by the Purchaser to the notarial escrow account of De Brauw Blackstone Westbroek N.V.

2.2. The Seller hereby discharges the Purchaser from the obligation to pay the purchase price.

Article 3. Warranties of Seller

3.1. Subject to the terms and limitations contained in the Share Purchase Agreement, in connection with the transfer of the Shares under this deed, the Seller represents and warrants all that is warranted pursuant to Clause 7 of the Share Purchase Agreement.

Article 4. Share Purchase Agreement

4.1. To the extent not expressly provided otherwise in this deed, the provisions of the Share Purchase Agreement remain in effect between the parties.

Article 5. Acquisition of the Shares

5.1. The Seller declares that it acquired the Shares as follows:

- [•] ordinary shares by notarial deed of [•], executed on the [•] day of [•] before [•];

- [•] ordinary shares and [•] preference shares by notarial deed of [•], executed on the [•] day of [•] before [•].

Article 6. Restrictions on transfer

6.1. With respect to compliance with the restrictions on the transfer of shares in the Company's articles of association, the Seller declares that because the Seller is the sole shareholder of the Company, the restrictions on the transfer of shares are not applicable.

Article 7. Representation of Seller and Purchaser

7.1. The Seller and the Purchaser declare that neither the legal act(s) included in this deed nor the title(s) of such act(s) conflict with Chapter 5 of the Competition Act (*Mededingingswet*).

Article 8. Company's representation

8.1. The Company hereby declares that it acknowledges the transfer of the Shares and undertakes to enter this transfer in the shareholders' register of the Company.

Article 9. Rescission

9.1. The parties shall not be entitled, on any grounds whatsoever, to rescind the Share Purchase Agreement.

CONCLUSION

The person appearing in connection with this deed is known to me, a civil-law notary, and the identity of the person appearing has been established by me, a civil-law notary, on the basis of the above-mentioned document which is designated for such purpose.

THIS DEED

is executed in Amsterdam on the date stated at the head of the deed.

The substance of this deed and an explanation of the deed have been communicated to the person appearing, who has expressly taken cognisance of its contents and has agreed to its limited reading.

After a limited reading in accordance with the law, this deed was signed by the person appearing and by me, a civil-law notary, at [ ] hours.

SCHEDULE 4
COMPLETION

1. The Purchaser shall or shall cause a Purchaser Designee to:
   (a) transfer to the Notary's Account the cash amounts set forth in Clause 2.3.
   (b) deliver or procure delivery to the Seller of:
      (i) an extract of the minutes of a duly held meeting of the directors (or a duly constituted committee thereof) of the Purchaser authorising the execution by the Purchaser of this Agreement and each other Transaction Document to which it is a party;
      (ii) the letter of appointment of its Agent, countersigned by the Agent acknowledging its appointment;
      (iii) a certified copy of any power of attorney under which any of the foregoing documents are executed;
      (iv) consents from each person as the Purchaser desires to appoint as director of a Group Company at Completion to their appointment as such;
      (v) evidence to the Seller's reasonable satisfaction of fulfilment of the Competition Conditions;
      (vi) a certificate signed by an officer of the Purchaser in the Agreed Form, certifying, representing and warranting in such officer's capacity as an officer, and not personally, that the conditions set forth in Clauses 3.2(a) and 3.2(b) of the Agreement have been satisfied (except to the extent waived in writing by the Seller); and
      (vii) the Assumption Agreement, duly executed by the Purchaser.
2. The Seller shall:
   (a) deliver or procure delivery to the Purchaser or a Purchaser Designee of:
      (i) an extract of the minutes of a duly held meeting of the directors (or a duly constituted committee thereof) of the Seller authorising the execution by the Seller of this Agreement and each other Transaction Document to which it is party and any document to be delivered by the Seller at or prior to Completion and, where such execution is authorised by a committee of the board of directors of the Seller, an extract of the minutes of a duly held meeting of the directors constituting such committee or the relevant extract thereof);

(ii) the letter of appointment of its Agent, countersigned by the relevant Agent acknowledging its appointment;

(iii) a certified copy of any power of attorney under which any of the foregoing documents are executed;

(iv) the resignations of such persons as directors of a Group Company as the Purchaser shall request at least two Business Days prior to Completion;

(v) a certificate signed by an officer of the Seller in the Agreed Form, certifying, representing and warranting in such officer's capacity as an officer, and not personally, that the conditions set forth in Clauses 3.1(a) and 3.1(c) have been satisfied (except to the extent waived in writing by the Purchaser);

(vi) a certificate signed by an officer of the Company in the Agreed Form, certifying, representing and warranting in such officer's capacity as an officer, and not personally, that the conditions set forth in Clause 3.1(b) have been satisfied (except to the extent waived in writing by the Purchaser);

(vii) to the extent not already delivered to Purchaser, (i) GAAP audited consolidated balance sheets and related statements of income, stockholders' equity and cash flows of the Group Companies for the three most recently completed fiscal years ended at least 90 days prior to the Completion Date and (ii) GAAP unaudited consolidated balance sheets and related statements of income, stockholders' equity and cash flows of the Group Companies for each subsequent fiscal quarter ended at least 45 days before the Completion Date;

(viii) the duly executed Release Documentation in form and substance satisfactory to Purchaser; and

(ix) the Assumption Agreement, duly executed by all parties thereto other than the Purchaser.

3. The Transfer Deed shall be executed before the Notary, pursuant to which the Sale Shares will be transferred to the Purchaser or a Purchaser Designee in accordance with this Agreement.

SCHEDULE 5
WARRANTIES

Part A

1. **Capacity, Authority and Due Incorporation**

1.1 The Seller and the Company have the requisite power and authority to enter into and perform each Transaction Document to which it is a party. No other or further act or proceeding on the part of the Seller or the Company (including the shareholders of the Seller) is necessary to authorize the Transaction Documents to be entered into and performed by the Seller or the Company.

1.2 Each Transaction Document to which the Seller or the Company is a party constitutes or will, when executed, constitute legally valid and binding obligations on the Seller and the Company, enforceable in accordance with their respective terms.

1.3 Execution of this Agreement by the Seller and compliance with the terms of each Transaction Document to which the Seller or the Company is a party does not and will not conflict with or constitute a default or breach under any provision of:

(a) the Seller's or the Company's articles of association, charter instruments or organisational documents; or

(b) any order, judgment, award, injunction or decree (collectively, "**Orders**") or any applicable Laws.

1.4 Compliance with the terms of each Transaction Document to which the Seller or the Company is a party:

(a) will not violate or conflict with, or constitute a default (or an event that, with notice or lapse of time, or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in the creation of any Encumbrance upon any of the share capital or other equity securities of the Company (including the Sale Shares), any of the assets of the Company under, any term or provision of any contract to which the Seller or the Company is a party or by which the Seller or the Company or any of their respective assets or properties may be bound or affected; or

(b) except as specified in this Agreement or any other Transaction Document, will not, insofar as relates to the Seller or the Company, require any consent, approval, exemption or other action by or notice to or registration with any Governmental Authority.

1.5 Each of the Seller and the Company is validly incorporated, in existence and duly registered under the laws of its place of incorporation.

2. **Title and Encumbrances**

2.1 The Seller is the sole legal and beneficial owner of all of the rights, title and interests in the Sale Shares and other than Encumbrances which will be released on Completion, there are no Encumbrances over the Sale Shares.

2.2 The Sale Shares constitute the whole of the issued and allotted share capital of the Company and each of the Sale Shares is fully paid or credited as fully paid.

2.3 To the knowledge of each of DHCV and Euroland, after having made reasonable enquiries of the Senior Employees and the Company's auditor and its external legal counsel in the Netherlands, there are no (i) securities convertible into or exchangeable for share capital or other securities of the Company; (ii) options, warrants or other rights to purchase or subscribe to share capital or other securities of the Company or securities which are convertible into or exchangeable for share capital or other securities of the Company; or (iii) Contracts relating to the issuance, sale or transfer of any share capital or other equity securities of the Company, any such convertible or exchangeable securities or any such options, warrants or other rights which will survive the Completion Date.

3. **General**

3.1 There are no outstanding proceedings pending or, third party sequestrations (*derdenbeslagen*) on the assets of the Company or its Affiliates or, to the Seller's knowledge, threatened against or affecting the Seller, challenging or seeking to restrain or prohibit any of the transactions contemplated by this Agreement or any other Transaction Document.

3.2 Between the Locked Box Date and the Signing Date no Group Company has undertaken any of the Restricted Actions (save as disclosed in Clause 3.2 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter), and the Group Companies have continued to carry on business in the normal course in compliance with all Laws applicable to them and in substantially the same manner as their businesses have been carried on before the Signing Date.

Part B

1. **Capacity, Authority and Due Incorporation**

1.1 Execution of this Agreement by the Seller and compliance with the terms of each Transaction Document to which the Seller or the Company is a party does not and will not conflict with or constitute a default or breach under any provision of any Group Company's articles of association, charter instruments or other organisational documents.

1.2 Compliance with the terms of each Transaction Document to which the Seller or the Company is a party, subject to providing the notices and obtaining the consents described in Section 1.2 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, will not violate or conflict with, or constitute a default (or

an event that, with notice or lapse of time, or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in the creation of any Encumbrance upon any of the share capital or other equity securities of any Group Company (other than the Company), any of the assets of any Group Company under, any term or provision of any Contract to which any Group Company is a party or by which any Group Company or any of their respective assets or properties may be bound or affected.

1.3 Section 1.3 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter contains a correct and complete list of the name, jurisdiction of organization, capitalization and ownership of each Subsidiary. Except as set forth in Section 1.3 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, the Company does not directly or indirectly own any share capital or other equity or ownership interests of any other entity. Each Group Company (a) is a company validly incorporated, in existence and duly registered under the Laws of its jurisdiction of organization, (b) has all requisite power and authority to own, operate and lease its assets, to carry on its business as and where such is currently being conducted, to execute and deliver the Transaction Documents to be executed and delivered by it pursuant to this Agreement and to carry out the transactions contemplated by such Transaction Documents and (c) is duly qualified or licensed to do business as a foreign entity in each jurisdiction wherein the character of the properties owned by it, or the nature of its business, makes such licensing or qualification necessary.

1.4 The Seller has delivered to the Purchaser correct and complete copies of the articles of association or other charter instruments and similar organizational documents, including any amendments thereto, of each Group Company. The stock records of the Group Companies provided in the Data Room are correct and represent complete copies of such instruments. Set forth in Section 1.4 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter is a correct and complete list of the directors and officers of each Group Company.

1.5 Save as provided in Clause 3.1, the Seller is not required to obtain any consent or approval of, or give any notice to or make any registration with, any Governmental Authority which has not been obtained or made at the Signing Date both on an unconditional basis and on a basis which cannot be revoked (save pursuant to any legal or regulatory entitlement to revoke the same other than by reason of any misrepresentation or misstatement).

2. **Title and Encumbrances**

2.1 Except as set forth in Section 2.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, no person or entity other than the Company or a Subsidiary owns any share capital or other equity or ownership interests of any Subsidiary. All outstanding share capital and other equity or ownership interests of each Subsidiary are free and clear of any Encumbrances other than Encumbrances which will be released on Completion and are validly issued and fully paid. Transfer of the Sales Shares as contemplated in the Agreement will convey to the Purchaser all of Seller's right, title and interest in and to the Sale Shares free and clear of all Encumbrances.

2.2 There are no (a) securities convertible into or exchangeable for share capital or other securities of any Group Company; (b) options, warrant or other rights to purchase or subscribe to share capital or other securities of any Group Company or securities which are convertible into or exchangeable for share capital or other securities of any Group Company; or (c) Contracts relating to the issuance, sale or transfer of any share capital or other equity securities of any Group Company, any such convertible or exchangeable securities or any such options, warrants or other rights.

2.3 Except as set forth in Section 2.3 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, no resolution has been adopted for the dissolution or liquidation of any of the Group Companies, no circumstances exist which may result in the dissolution or liquidation of any of the Group Companies, and no proposals have been made or resolution adopted for a statutory/legal merger (*juridische fusie*) or division (*splitsing*), or a similar arrangement of any of the Group Companies which have not been executed before Completion.

2.4 No Group Company is currently (a) declared bankrupt (*failliet verklaard*), (b) granted a temporary or definitive moratorium of payments (*surseance van betaling*), (c) made subject to any insolvency or reorganisation proceedings or (d) involved in negotiations with any one or more of its creditors or taken any other step with a view to the readjustment or rescheduling of all or part of its debts, nor has any third party applied for a declaration of bankruptcy or any such similar arrangement for any Group Company.

2.5 The Company (a) is not the holder or beneficial owner of, and has not agreed to acquire, any share or other capital of any entity other than of the Subsidiaries; (b) except as set forth in Section 2.5(b) of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, is not, and has not agreed to become, a member of any partnership, joint venture, consortium or other unincorporated association, body or undertaking in which it is to participate with any other in any business or investment; and (c) except as set forth in Section 2.5(c) of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, has no branch, agency or place of business and no permanent establishment (as that expression is defined in the relevant double taxation relief orders current at the Signing Date) in any jurisdiction.

2.6 No Group Company is insolvent, or unable to pay its debts within the meaning of any insolvency legislation applicable to such Group Company and no the Group Company has stopped paying its debts as they fall due.

3. **Financial Matters**

3.1 Included as Section 3.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter are consolidated financial statements of the Group consisting of (a) the audited consolidated financial statements of the Group for each of the fiscal years ended 31 December 2009, 2010 and 2011, which financial statements have been reported on, and are accompanied by, the signed opinions of the independent accountant for the Group for such years described in Section 3.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter (the "**Financial Statements**") and (b) an unaudited consolidated balance sheet of the Group as of 31 March 2012 and the related unaudited consolidated statement of earnings of the Group for the 3 months then ended (the "**Management Accounts**"). The Financial Statements in all material respects (a) give a true and fair view of the financial position and results of operation of the Group, as a whole, at the relevant date; (b) are prepared in accordance with US GAAP applied on a consistent basis; (c) fairly present the assets, liabilities, financial position, results of operations and cash flows of the Group as required by Law as of the dates and for the periods indicated; and (d) are not affected by any unusual or non-recurring items.

3.2 The Management Accounts have been carefully prepared in accordance with accounting policies consistent with those used in preparing the audited consolidated financial statements and on a basis consistent with the management accounts prepared in the preceding year. The cumulative profits or losses, assets and liabilities of the Company stated in the Management Accounts have not been materially mis-stated and are not materially inaccurate, and no material items have been omitted therefrom and the Seller does not consider the Management Accounts misleading.

3.3 Except as and to the extent specifically set forth on the face of the balance sheet of the Group as of 31 December 2011, or in Section 3.3 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, no Group Company has any Liabilities, other than: (a) commercial Liabilities incurred since 31 December 2011 in the ordinary course of business consistent with past practice, none of which has or would have a material adverse effect on the conduct, financial condition, results of operations, assets, Liabilities, business or operations of such Group Company; or (b) Liabilities disclosed in this Agreement or any other Transaction Document;

3.4 The Group has established and maintained internal controls sufficient to provide reasonable assurance (a) that the Group maintains records that, in reasonable detail, fully, accurately and fairly reflect the transactions and dispositions of the assets of the Group on a consolidated basis; (b) that transactions are recorded as necessary to permit preparation of financial statements in accordance with US GAAP; (c) the Group has complied with the

provisions of all Laws in relation to particulars, resolutions and other documents required to be delivered on behalf of the Company to any Governmental Authority and all such documents have been properly made and delivered; and (d) all such documents which have been delivered pursuant to (c), whether or not required by any Law, were true and accurate when so delivered and the Group has not received notification of the levy of any fine or penalty for non-compliance by the Group or any director of the Group.

3.5 The amount of outstanding Financial Debt of the Group Companies net of cash as of 31 December 2011 was equal to the Locked Box Date Third Party Debt Amount.

4. **Tax Matters**

4.1 Except as set forth in Section 4.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, since 31 December 2011, no Group Company has incurred any Taxes other than Taxes incurred in the ordinary course of business consistent in type and amount with past practices of such Group Company. All Taxes of all Group Companies, whether or not shown on any Tax Return, (a) that are due and payable have been timely paid in full or (b) to the extent incurred at or prior to 31 December 2011 have been timely paid in full or are included in a correct and complete liability accrual on the balance sheet of the Locked Box Accounts (whether or not the related Taxes are disputed).

4.2 All Tax Returns required to be filed by or on behalf of any Group Company have been timely filed and, when filed, were correct and complete in all material respects.

4.3 No written claim has been received by a Group Company from a Governmental Authority in a jurisdiction in which a Group Company does not file Tax Returns alleging that such Group Company is or may be subject to taxation by that jurisdiction or Governmental Authority. The Tax Returns of each Group Company that are under audit and the Tax Returns of each Group Company for the periods since 31 December 2008 that have been audited by Governmental Authorities are set forth in Section 4.3 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter. No Group Company has received from any Governmental Authority any written notice of underpayment or assessment of Taxes or other deficiency that has not been paid or any objection to any Tax Return. There are no outstanding Contracts or waivers extending the statutory period of limitations applicable to any Tax Return of a Group Company.

4.4 Each Group Company has complied in all material respects with all applicable Laws regarding the collection, withholding and remittance to the appropriate Governmental Authority of amounts required to be so collected or withheld for or in respect of Tax by such Group Company.

4.5 There are no Encumbrances with respect to Taxes upon any assets of any Group Company other than Encumbrances for current Taxes, assessments or

similar governmental charges or levies not yet due or which are being contested in good faith and for which adequate accruals or reserves have been established in the Locked Box Accounts.

4.6 No Group Company will be required to include in any taxable period (or portion thereof) beginning after the Locked Box Date an amount of taxable income attributable to income that accrued but was not recognized in any taxable period (or portion thereof) beginning on or before the Locked Box Date, including but not limited to any deferred income resulting from any method of accounting employed (including the long-term contract method). No Group Company will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Locked Box Date as a result of any: Change in method of accounting for a taxable period ending on or prior to the Locked Box Date; Instalment sale or open transaction disposition made on or prior to the Locked Box Date; Prepaid amount received on or prior to the Locked Box Date; “Closing agreement” as described in Section 7121 of the Code (or any corresponding or similar provision of state, local, or non-US Law) executed on or prior to the Locked Box Date; or Election under Section 108(i) of the Code.

4.7 No Group Company has claimed or benefited from any Relief in respect of an Event that occurred before the Completion Date, including a Tax neutral business merger, share-for-share merger, legal merger or legal demerger, which may be revoked, recaptured or cancelled as a consequence of the Transaction or an Event occurring after the Completion Date. None of the Group Companies was a “distributing corporation” or a “controlled corporation” in a transaction intended to qualify under Section 355 of the Code within the past two years.

4.8 At Completion, the amount of available net operating loss carryforwards of the Norit Fiscal Unity will be no less than the sum of (i) € 180 million and (ii) the amount of net operating losses of the Norit Fiscal Unity during the period from the Locked Box Date until Completion.

4.9 Except as set forth in Section 4.9 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, as of the Completion Date: None of the Group Companies is or has been during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code, a “United States real property holding corporation” within the meaning of Section 897(c)(2) of the Code; No property of any Group Company directly or indirectly secures any debt the interest on which is tax-exempt under Section 103(a) of the Code, or is “tax-exempt use property” or “tax-exempt bond financed property” within the meaning of Section 168 of the Code; No Group Company is or has been a member of an affiliated group filing consolidated, combined or unitary Tax Returns and no Group Company has any liability for Taxes of any person (other than a Group Company) imposed under applicable Law as a result of such person, together with such Group Company, being or having been part of a consolidated or other group Tax filing, as a transferee or successor, by contract or otherwise; No Group Company is a party to any Tax sharing, allocation, indemnity or

similar agreement or arrangement; No Group Company is a party to any agreement, contract, arrangement, or plan that has resulted or could result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of Section 280G of the Code (or any corresponding provision of state, local, or non-US Law) and any amount that will not be fully deductible as a result of Section 162(m) of the Code (or any corresponding provision of state, local or non-US Law); No Group Company is a party to any joint venture, partnership or other agreement or arrangement which is treated as a partnership for U.S. federal income tax purposes, or owns an interest in any entity that is treated as a disregarded entity for U.S. federal income tax purposes; No Group Company is or has been a beneficiary of, participated in, or been a "material advisor" (as defined in the Code) with respect to, any "reportable transaction" within the meaning of Treasury Regulations Section 1.6011-4(b)(1) (or any other transaction requiring disclosure under a similar provision of state, local or non-US Law); Each Group Company has disclosed on an applicable US federal income Tax Returns all positions taken therein that could give rise to a substantial understatement penalty within the meaning of Section 6662 of the Code; There is currently no limitation on the use of Tax attributes of any Group Company under Sections 269, 382, 383, 384 or 1502 of the Code (or any similar provision of state, local or non-US Law); No Group Company is or has been a "controlled foreign corporation" as defined in Section 957 of the Code, or a "passive foreign investment company" within the meaning of Section 1297 of the Code; and No Group Company has received any private letter ruling or similar tax ruling from any Tax Authority.

5. **Absence of Certain Changes**

5.1 Except as set forth in Section 5.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, since the Locked Box Date, (a) there has not been any material adverse change in the conduct, financial condition, results of operations, assets, Liabilities, business or operations of any Group Company, (b) there has not been any material loss, damage or destruction affecting the business, assets or Liabilities of any Group Company, (c) the Group Companies have carried on business in the ordinary course in compliance with all Laws applicable to them and in substantially the same manner as their businesses have been carried on before the Locked Box Date and there has been no breach of Clause 4.1(a), 4.1(b) or 4.1(c), (d) each Group Company has paid all premiums due on its insurance policy/ies; and (e) there has not been any Leakage other than, between the Signing Date and the Completion Date, Permitted Leakage.

6. **No Litigation**

6.1 Except as set forth in Section 6.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, there is no Litigation pending or, to the Sellers' knowledge, threatened against any Group Company or its shareholders, directors or officers (in such capacity) or its business, assets or Liabilities which is material to the Group. To the Sellers' knowledge, no event has occurred or action been

taken that is reasonably likely to result in Litigation against a Group Company which is material to the Group.

6.2 There is no Litigation occurring, pending or, to the Seller's knowledge, threatened relating to any CPT Matter, the Seller has not received any notice or communication with respect to a claim or potential claim relating to any CPT Matter and there are no facts or circumstances that could reasonably be expected to give rise to any such Litigation or claim.

7. **Compliance with Laws and Orders**

7.1 Except for past violations for which the Group Companies are not subject to any current Liability and except as set forth in Section 7.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, each Group Company (including its operations, business and assets) is and has been in compliance with all applicable Laws and Orders, including all Environmental Laws and all Laws prohibiting the export or re-export of certain products and technology to certain persons and countries in all material respects and including any Laws relating to redundancies. Except as set forth in Section 7.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, all reports, filings and returns required to be filed by or on behalf of any Group Company with any Governmental Authority have been filed and, when filed, were in accordance with the applicable Laws and Orders.

7.2 Except as set forth in Section 7.2 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, each Group Company has all licenses, permits, approvals, certifications, registrations, consents and listings of all Governmental Authorities (collectively, "**Permits**") required for the conduct of its business and the operation of its facilities in all material respects as now carried on. No such Permit is personal to the Seller and all such Permits are in full force and effect and will not be affected or made subject to any loss, limitation or obligation to reapply as a result of the transactions contemplated by the Agreement. Except for past violations for which the Group Companies are not subject to any current Liability, each Group Company (including its operations, business and assets) is and has been in compliance with all such Permits.

7.3 Except as set forth in Section 7.3 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, no storage tanks of any kind (whether in use or disused), including related pipework, or waste management facilities or uncontained drum storage areas are or have been located at any time whatsoever at, on or under any of the Real Property.

7.4 There are no hazardous materials present at, on, in or under any of the Real Property save where stored or used in full compliance with Environmental Law.

7.5 Except as set forth in Section 7.5 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, the Group is not a party to any agreements, obligations or

schemes in connection with the generation, obtaining or trading of emission credits or otherwise in connection with climate change or any dealings in economic instruments relating to climate change.

7.6 Without limiting the generality of the foregoing provisions of this paragraph 7.6:

(a) Except as set forth in Section 7.6(a) of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, no Group Company has retained or assumed any material Liability for any other person or entity relating in any way to Environmental Laws, including circumstances in which such Liability could be imputed or attributed to such Group Company. To the Sellers' knowledge, there is no Litigation pending or threatened against any other person or entity whose Liability therefore may have been retained or assumed by or could be imputed or attributed to any Group Company relating in any way to any Environmental Laws. Except as set forth in Section 7.6(a) of Paragraph 9 (Specific Disclosures) of the Disclosure Letter and under general provisions of Law, the Group Companies are not under any obligation to investigate or to do research with respect to soil or ground water, to take safety measures or to clean up (*saneren*) any pollution. Except as set forth in Section 7.6(a) of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, the Group Companies have not received any written notice of any actual, pending or threatened action by any Governmental Authority, third party or current or former employee in respect of any alleged non-compliance with or Liability under any Environmental Law, health or safety Law and/or related to illness or disability due to the carrying out their activities. The Group has complied with any internal or published statements of corporate environmental policy and operating procedures and has, or has procured that, all appropriate measures have been taken to control and manage the risk to human health associated with the presence of asbestos or asbestos containing materials at, on, in or under any of the Real Property.

(b) Except as set forth in Section 7.6(b) of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, there are no past or present events, conditions, circumstances, activities, practices, incidents, actions or omissions that may (a) interfere with or prevent compliance or continued compliance in all material respects by each Group Company with all Environmental Laws; (b) give rise to any material Liability of any Group Company based on or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge, release or threatened release into the environment, of any Waste; or (c) result in any such Permit not being extended, renewed, granted or (where necessary) transferred and the Group has not received any communication revoking, suspending, alleging non-compliance, modifying or varying any of the Permits nor is it aware of any circumstances which might give rise to any such communication being received.

7.7 No Group Company nor any director, officer, employee, agent or other person associated with or acting on behalf of any Group Company has, directly or indirectly, (a) used any funds of any Group Company for unlawful contributions, unlawful gifts, unlawful entertainment or other unlawful expenses relating to political activity; (b) made any unlawful payments, unlawful promises of payment or unlawful authorizations of payment of money, gifts or anything of value to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns from funds of any Group Company; (c) established or maintained any unlawful fund of monies or other assets of any Group Company; or (d) made any unlawful bribe, unlawful rebate, unlawful payoff, unlawful influence payment, unlawful kickback, unlawful inducement or other unlawful payment to any person or entity, private or public, regardless of form, whether in money, property or services, to receive favourable treatment in obtaining or retaining business for any Group Company, to obtain or retain special concessions for any Group Company or to pay for favourable treatment for business obtained or retained or to pay for special concessions already obtained for any Group Company.

7.8 Section 7.8 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter sets forth a list of net external sales to customers of the Group by country in each of the years ended 31 December 2010 and 31 December 2011.

8. **Title to and Condition of Properties**

8.1 Subject to the steps set out in Schedule 4, each Group Company has title or rightful possession through a valid and subsisting lease or license (as applicable) to all of its business and assets (tangible and intangible), free and clear of all Encumbrances sufficient to carry on business as now carried on. Except as set forth in Section 8.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, none of the business or assets of the Group Companies are subject to any restrictions with respect to the transferability or divisibility thereof other than pursuant to applicable Laws. No Group Company's title to or rightful possession of its business and assets will be affected by the transactions contemplated by the Agreement.

8.2 To the Seller's knowledge, all tangible assets (real and personal) owned or utilized by the Group Companies are in good operating condition and repair (except for ordinary wear and tear that does not materially interfere with the use thereof in the conduct of the normal operations of the Group Companies).

8.3 To the Seller's knowledge, except for the Encumbrances, easements or rights of way granted or appurtenant to or otherwise affecting the Real Property listed in Section 8.3 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, the Group Companies have the full right to use the Real Property for the purposes for which the Real Property is currently used.

8.4 To the Seller's knowledge, the Group Companies have not made any renovation or alteration of the Real Property other than on the basis of and in conformity with the prior permission or consent from the relevant landlords (if

required) and/or, to the extent applicable, the relevant Governmental Authority.

8.5 To the Seller's knowledge, no Group Company has received written notice from any Governmental Authority regarding any currently pending or threatened condemnation or similar eminent domain proceeding against Real Property.

9. **Insurance**

9.1 Section 9.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter sets forth a list and description of all material policies of insurance that (a) apply to any Group Company and (b) are currently in effect with respect to the business, employees, directors, assets or Liabilities of any Group Company (collectively, the "**Group Insurance Policies**"). Apart from those claims listed under Section 9.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, there are no current claims by any Group Company under any such insurance policies nor is the Seller aware of any circumstances likely to give rise to a claim.

9.2 No Group Company has received any notice of cancellation with respect to any Group Insurance Policy, and to the Sellers' knowledge, no event or condition exists or has occurred that could result in cancellation of any Group Insurance Policy.

9.3 Except as set forth in Section 9.3 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, the Group Companies have never been refused any insurance or had any insurance cancelled and no current insurer has disputed or given any indication that they intend to dispute the validity of any of the Group's Insurances on any ground. In the five years preceding the Signing Date all claims made by the Group under its insurance policies have been settled in full by the relevant insurers.

9.4 Except as set forth in Section 9.4 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, the Group Insurance Policies afford the Group Companies adequate cover against all risks as companies carrying on a similar business to the Group Companies commonly cover by insurance.

10. **Contracts and Commitments**

10.1 Section 10.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter sets forth a list of each of the following Contracts in effect at the Signing Date to which any Group Company is a party, save where such Contracts are listed in another section of the Disclosure Letter (such Contracts set forth on such list, together with any purchase Contracts with any supplier listed in Section 13.2 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter and any Contracts with any customer listed in Section 13.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter (which purchase and customer Contracts need not be listed in Section 10.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter) hereinafter referred to as the "**Material Contracts**"):

(a) Any Contract for the lease, sub-lease, limited lease or occupancy of any material Real Property (whether as lessor or lessee).

(b) Any Contract with any director, officer or employee that is not cancellable by such Group Company on notice to be given in compliance with applicable Laws without Liability, penalty or premium of any nature or kind whatsoever or under which such Group Company could incur remaining obligations in excess of $100,000, other than a Contract of employment.

(c) Other than any Contract with another Group Company, any loan Contract, promissory note, letter of credit, debenture, note, mortgage, bank guarantee, performance or other type of bond or other evidence of indebtedness or an obligation for borrowed money, as a signatory, guarantor or otherwise, other than bank guarantees and performance bonds in the ordinary course of business.

(d) Other than any Contract with another Group Company, any Contract under which a Group Company has guaranteed the payment or performance of any person or entity, agreed to indemnify any person or entity outside the Group (except under Contracts entered into by such Group Company in the ordinary course of business) or to act as a surety, or otherwise agreed to be contingently or secondarily liable for the obligations of any person or entity.

(e) Any consulting, development, joint development, license or similar Contract (i) relating to, or any Contract requiring the assignment or license of any interest in, any material part of the Group Intellectual Property or (ii) relating to, or any Contract under which any license is granted to a Group Company to use or practice, any material third party Intellectual Property.

(f) Any Contract (i) prohibiting or restricting such Group Company or any of its employees from competing in any business or geographical area, or soliciting customers or employees, or otherwise restricting it from carrying on any business anywhere in the world or (ii) relating to the location of employees or a minimum number of employees to be employed by such Group Company.

(g) Except as disclosed in Clause 10.1, any Contract (or group of related Contracts) of any nature under which there is any consideration or other expenditure payable in any 12 month period in excess of $1,000,000.

(h) Any Contract concerning a partnership or joint venture or any Contract relating to the acquisition or disposition of any corporation, partnership or other business organization or division thereof or collection of assets constituting all or substantially all of a business or business unit (whether by merger, sale of stock, sale of assets or otherwise).

(i) Any Contract that is an Affiliate Arrangement.

(j) (1) the CPT Disposition Contract and (2) all schedules, exhibits, annexes, ancillary agreements, side letters and other Contracts related thereto or entered into in connection therewith; provided, that with respect to information described in the foregoing (2) that is subject to a confidentiality obligation of Seller as of the Signing Date, such information need not be provided by the Signing Date but Seller shall use its commercially reasonable endeavours to obtain the consent required to make such information available to Purchaser or Purchaser's Representatives or insurers as soon as practicable following the Signing Date (subject to entry by the foregoing into customary confidentiality undertakings if required).

10.2 The Seller has made available in the Data Room correct and complete copies of all Contracts with (a) any material sales representative, dealer, distributor or franchisee, (b) any customer listed in Section 13.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter and (c) any supplier listed in Section 13.2 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter.

10.3 No Group Company is in default in any material respect under any Material Contract to which it is a party or is otherwise bound, nor has any event or omission occurred that, through the passage of time or the giving of notice, or both, would constitute a default in any material respect thereunder or cause the acceleration of any of such Group Company's obligations thereunder or result in the creation of any Encumbrance on any of the share capital or other equity securities (including the Sale Shares), or any of the assets, of such Group Company. Except as set forth in Section 10.3 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter and to the Sellers' knowledge, no third party is in default in any material respect under any Material Contract to which any Group Company is a party or is otherwise bound, nor has any event or omission occurred that, through the passage of time or the giving of notice, or both, would constitute a default in any material respect thereunder, or give rise to an automatic termination, or the right of discretionary termination thereof. Each Material Contract to which any Group Company is a party or is otherwise bound is in full force and effect (except where it has expired in accordance with its terms) and is a valid and binding agreement enforceable against such Group Company and, to the Sellers' knowledge, the other party or parties thereto in accordance with its terms.

11. Employee Matters

11.1 Section 11.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter sets forth a correct and complete list of each of the following currently maintained, sponsored by, contributed to by or entered into by any Group Company or any of its ERISA Affiliates, to which any Group Company or any of its ERISA Affiliates, contributes or is obligated to contribute, or under which any Group Company has any Liability: (a) all plans and programs providing benefits to any current or former employee, director or independent

contractor, or beneficiary or dependent thereof, including any pension, profit sharing, retirement, employment, bonus, incentive, performance, health, dental, vision, death, accident, disability, stock-based award (e.g., purchase, stock option, stock appreciation, stock bonus, phantom stock or restricted stock) executive or deferred compensation, change in control, hospitalization, severance, voluntary employees' beneficiary associations under Section 501(c)(9) of the Code, premium conversion, Code Section 125 "cafeteria" or "flexible" benefit, termination, fringe or other types of agreements, plans or programs (collectively, "**Benefit Plans**") and all such Benefit Plans comply in all respects with all Laws and all necessary Governmental Authorisations in relation to the same have been obtained and all filings and other notifications or returns required to be made to any Governmental Authority in relation to the same have been made; (b) all collective bargaining agreements; and (c) all Contracts with employees providing for annual salary or other payments in excess of $100,000.

11.2 Section 11.2 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter sets forth all collective bargaining, shop, or any similar agreements with independent trade or other unions, work councils, or any other employee representative to which any of the Group Companies are parties, accurate and complete copies of which have been delivered to the Purchaser. The Group Companies are in compliance with any applicable agreements listed in Section 11.3 of the Disclosure Schedule and have complied with all statutory obligations to inform and consult appropriate representatives as required by Law. No labour slowdown, work stoppage, lockout, strike or other similar labour dispute affecting the Group Companies has occurred since two years prior to the Signing Date or is threatened to occur.

11.3 Except as disclosed in Section 11.3 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, with respect to each Benefit Plan, (a) all employer and employee contributions to each Benefit Plan required by Law or by the terms of such Benefit Plan have been made or, if required to be accrued, accrued in accordance with US GAAP, (b) the fair market value of the assets of each funded Benefit Plan, the liability of each insurer for any Benefit Plan funded through insurance or the book reserve established for any Benefit Plan, together with any accrued contributions, is sufficient to procure or provide for the accrued benefit obligations with respect to all current and former participants in such plan according to the actuarial assumptions and valuations most recently used to determine employer contributions to such Benefit Plan, and no transaction contemplated by the Agreement would reasonably be expected to cause such assets or insurance obligations to be less than such benefit obligations, (c) all Benefit Plans have been maintained in accordance with their terms and all requirements of applicable Law, (d) each Benefit Plan required to be registered has been registered and has been maintained in good standing with the appropriate Governmental Authorities; (e) to the extent any Benefit Plan is intended to qualify for special tax treatment, such Benefit Plan meets all requirements for such treatment; (f) no event has occurred respecting any Benefit Plan that would reasonably be expected to result in the revocation of the registration of such Benefit Plan or entitle any person or entity to wind

up or terminate any Benefit Plan, in whole or in part, or that would otherwise reasonably be expected to adversely affect the tax status of any such Benefit Plan; (g) none of the Benefit Plans or any of the collective bargaining agreements or Contracts with employees described in sub-clauses (b) and (c) of Clause 11.1 provide for benefit increases or the acceleration of, or an increase in, funding or payment obligations that are contingent upon, or will be triggered by, the consummation of the transactions contemplated by the Agreement; (h) none of the Benefit Plans would reasonably be expected to provide benefits beyond retirement (other than pension provisions in accordance with the Benefit Plans) or other termination of service to Employees or former Employees or to the beneficiaries or dependants of such Employees, except as required by applicable Law or pursuant to severance or redundancy plans or programs; (j) there is no proceeding, action, suit or claim (other than routine claims for payments of benefits) pending or threatened involving any Benefit Plan or its assets or any collective bargaining agreement or Contract with any employee.

11.4 Except as disclosed in Section 11.4 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, no Group Company or any ERISA Affiliate has in the past 6 years, maintained, contributed to or had an obligation to maintain or contribute to any (i) multiemployer plan (within the meaning of Sections 3(37) or 4001(a)(13) of ERISA or Section 414(f) of the Code), (ii) plan that is subject to Title IV of ERISA or Section 412 of the Code, (ii) "multiple employer plan" (within the meaning of Section 413(c) of the Code), or (iii) "multiple employer welfare arrangement" (within the meaning of Section 3(40) of ERISA).

11.5 Except as disclosed in Section 11.5 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, as of immediately prior to Completion and without regard to any payment that may be made pursuant to any agreement, contract, arrangement or plan entered into after Completion or, in the event it is entered into at or before Completion, by or at the direction of the Purchaser, no Group Company is a party to any agreement, contract, arrangement, or plan that has resulted or would result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of Section 280G of the Code. No Group Company is a party to, or otherwise obligated under, any contract, agreement, plan or arrangement that provides for the gross-up of taxes imposed by Section 409A(a)(1)(B) or Section 4999 of the Code.

11.6 No event has occurred that will require payment of a material amount by any Group Company in addition to the ordinary contributions and expenses payable in relation to Benefit Plans or that will give rise to a debt due from any Group Company (other than any debt relating to ordinary contributions and expenses).

11.7 As of the Signing Date, none of the employees or workers has given written notice terminating his contract of employment or engagement or has been or is to be withdrawn by the agency supplying him and none of the Employees is under notice of dismissal nor is there any liability outstanding to any employee

or former employee or any worker or any individual formerly engaged on the same basis as a worker or the agency supplying or which supplied him except for previously accrued remuneration or other benefits accruing due and no such remuneration or other benefit which has fallen due for payment has not been paid.

11.8 Except as disclosed in Section 11.8 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, there is no plan, scheme, commitment, policy, custom or practice (whether legally binding or not) relating to redundancy affecting any of the Employees more generous than the statutory redundancy requirements.

11.9 Except as disclosed in Section 11.10 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, there are no loans owed by any of the Employees or Workers to the Company.

11.10 Except as disclosed in Section 11.11 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, there is no outstanding undischarged liability to pay to any Governmental Authority any contribution, taxation or other duty arising in connection with the employment or engagement of any of the Employees or Workers.

11.11 Every Employee or Worker who requires a work permit or other permission to work in the jurisdiction in which he is employed and has a current and appropriate work permit or other permission required to work lawfully in the relevant jurisdiction.

11.12 Other than offers made in the ordinary course of business, as of the Signing Date, no offer of employment or engagement has been made by the Group that has not yet been accepted, or which has been accepted but where the employment or engagement has not yet started.

11.13 Each Group Company has complied with all applicable Laws related to occupational health and safety, including, where applicable, United States Occupational Safety & Health Administration laws, the Dutch Working Conditions Act and Dutch Working Conditions Decree, Italian Law no. 81/2008, and other similar laws in any applicable jurisdiction. None of the Group Companies has any material Liability under Laws related to occupational health and safety and attributable to an event occurring or a state of facts existing prior to the Signing Date.

11.14 Except as disclosed in Section 11.14 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, (i) no Group Company has, or has agreed to introduce, any profit sharing, bonus, commission, share incentive scheme, share option scheme or other such incentive scheme for any employees or directors engaged in its business, and (ii) all bonus and other incentive awards (other than which constitute Permitted Leakage) payable to Group Company employees have been paid in full.

12. **Intellectual Property**

12.1 Section 12.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter contains a correct and complete list of all patents, registered copyrights, trademarks, trade names and domain names (and any pending applications for the foregoing) owned or used by any Group Company (the "**Registered Intellectual Property**"). All registrations and applications with respect to the Registered Intellectual Property have been properly made and filed, and all annuity, maintenance, renewal and other fees relating to such registrations or applications have been paid as necessary to maintain or renew all such registrations and applications to the extent that such maintenance or renewal has been deemed appropriate in the ordinary course of business.

12.2 No Group Company is infringing, or has infringed, any Intellectual Property of another in any material respect. Except as set forth in Section 12.2 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter and to the Sellers' knowledge, no person or entity is infringing or has infringed any of the Group Intellectual Property. Except as set forth in Section 12.2 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, none of the Group Companies has granted any license or made any assignment of the Group Intellectual Property, and no person or entity other than the Group Companies has any right to use the Group Intellectual Property. Except as set forth in Section 12.2 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, no Group Company has any obligation to pay any royalties or other consideration for the right to use any Intellectual Property of others, except for payments required to be made for the right to use "shrink-wrap" or similar off-the-shelf software products. With respect to Trade Secrets, the Group Companies have policies and procedures in place that are intended to, and have taken commercially reasonable efforts to, maintain the confidentiality of such Trade Secrets, including entering into agreements with employees of the Group requiring such employees to maintain confidentiality of Trade Secrets and maintaining the Trade Secrets in secure spaces to which third parties who have not entered into confidentiality agreements do not have access. "**Trade Secrets**" shall mean any trade secret or similar forms of protection for confidential information. All Group Companies have measures in place requiring employees, consultants and other personnel to irrevocably assign to a Group Company, and all employees, consultants and other personnel of a Group Company have validly and irrevocably transferred and assigned to a Group Company, all material Intellectual Property created, discovered or reduced to practice by such employees, consultants and other personnel during the course of their employment or engagement. The Group Companies are not aware of any such confidentiality having been breached, and have not, other than in the ordinary course of its business, disclosed any of their Trade Secrets or lists of customers to any third party.

13. **Customers and Suppliers**

13.1 Section 13.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter contains a correct and complete list of the (a) 15 largest customers of the Group (for sales worldwide except for customers located in North America) for each of 2008, 2009, 2010 and 2011 (determined on the basis of the total

Euro amount of net sales) and (b) 15 largest customers of the Group located in North America for each of 2007, 2008, 2009, 2010 and 2011 (determined on the basis of the total US$ amount of net sales), in each case showing the total US$ amount of net sales to each such customer during each such year. No Group Company has received any written communication by any of the customers described in Section 13.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter by means of which such customer communicates its intention to cease to be a customer of the Group after the Completion and the Seller is not aware of any circumstances which would be likely to result in such communication.

13.2 Section 13.2 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter contains a correct and complete list of (a) the 15 largest suppliers to the Group Companies (from suppliers worldwide except those located in North America) for each of 2008, 2009, 2010 and 2011 (determined on the basis of the total Euro amount of net purchases from each such supplier during each such year) and (b) 15 largest suppliers to the Group Companies (from suppliers located in North America) for each of 2007, 2008, 2009, 2010 and 2011 (determined on the basis of the total US$ amount of net purchases from each such supplier during each such year). To the Seller's knowledge, no Group Company has received any written communication by any of the suppliers described in Section 13.2 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter by means of which such supplier communicates its intention to cease to be suppliers to the Group after the Completion and will not continue to supply the Group with substantially the same quantity and quality of goods and services at competitive prices and the Seller is not aware of any circumstances which would be likely to result in such communication.

14. **Product Warranty and Product Liability**

Section 14 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter contains a correct and complete description of all outstanding or threatened product warranty and Product Liability claims involving any Group Company which are material to that Group Company and the Seller is not aware of any other circumstances which are likely to give rise to any such claim. Save as set out in Section 14 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, none of the Products/Services is the subject of any replacement, field fix, retrofit, modification or recall campaign, and to the Sellers' knowledge, no facts or conditions exist that could reasonably be expected to result in such a recall campaign. Save as set out in Section 14 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, all Products/Services have been designed, manufactured, labelled and performed so as to meet and comply with all contractual requirements and all applicable Laws and Orders currently in effect, and any warranty or representation, express or implied, made by or on behalf of the Group in respect of and Product/Service and have received all governmental approvals necessary to allow their sale and use. To the Seller's knowledge, during the last 20 years, no products previously or currently manufactured or sold by any Group Company contained or contain asbestos.

15. **Certain Relationships to the Group**

15.1 Except as described in Section 15.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, (a) there are no Affiliate Arrangements which will survive the Completion Date, including guarantees of the Seller or any of its Affiliates (other than the Group Companies); and (b) neither the Seller nor any of its Affiliates (other than the Group Companies) has any direct or indirect interest in (i) any person or entity that is a competitor of any of the Group Companies or (ii) any material property, asset or right that is used by the Group Companies.

15.2 All obligations of the Seller or any of its Affiliates (other than the Group Companies) to the Group Companies, and all obligations of the Group Companies to the Seller or any of its Affiliates (other than the Group Companies), other than those incurred in the ordinary course of trading pursuant to Contracts described in Section 15.1 of the Disclosure Letter, are described in Section 15.2 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter.

15.3 Section 15.3 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter lists all Contracts of the Seller or any of its Affiliates (other than the Group Companies) that are attributable to or used in both (a) the Activated Carbon Business and (b) any other business of the Seller or any of its Affiliates (other than the Group Companies).

15.4 Except as set forth in Section 15.4 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, neither the Company nor any Subsidiary is under any obligation to indemnify any director or other officer or employee of the Company or any of the Subsidiaries in respect of any liability which would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company or any of the Subsidiaries.

15.5 Except as described in Section 15.5 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, no employee of the Group Companies is seconded to Seller or any of its Affiliates (other than the Group Companies) and no employee of the Seller or any of its Affiliates (other than the Group Companies) is seconded to any Group Company.

16. **Services Necessary**

Other than services provided under the Contracts set out in Section 16.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter, Section 16.1 of Paragraph 9 (Specific Disclosures) of the Disclosure Letter contains a correct and complete list of all services provided to the Group Companies by employees of the Seller or any of its Affiliates (other than the Group Companies).

17. **No Brokers or Finders**

None of the Seller, the Group Companies and any of their respective shareholders, directors, employees or agents has retained, employed or used any broker or finder in connection with the transactions contemplated by the Agreement or the negotiation

thereof, nor are any of them responsible for the payment of any broker's, finder's or similar fees, in each case for which a Group Company would be liable.

18. **Accounts Receivable; Inventory**

18.1 All inventory of the Group Companies consists of raw materials and supplies, manufactured and purchased parts, goods in process, and finished goods, all of which is merchantable and fit for the purpose for which it was procured or manufactured, none of which is slow-moving, obsolete, damaged, or defective.

18.2 All notes and accounts receivable of the Group Companies have arisen from bona fide transactions, in the ordinary course of business consistent with past practices, and are reflected properly on their books and records, are valid receivables subject to no setoffs or counterclaims, are current and collectible, and will be collected in accordance with their terms at their recorded amounts.

19. **The Company and its bankers**

19.1 The total amount borrowed by the Group from its bankers does not exceed its facilities and the total amount borrowed by the Group from whatsoever source does not exceed any limitation on its borrowing contained in its articles of association, or in any debenture or loan stock deed or other instrument.

19.2 The Group has not engaged in any borrowing or financing not required to be reflected in the audited consolidated financial statements of the Group.

19.3 Full and accurate particulars of all the bank and deposit accounts of the Group Companies are given in the Disclosure Letter.

20. **Information**

20.1 All information, including the information included in the Data Room, which has been given by or on behalf of the Seller or any Group Company to the Purchaser or any of its advisors is in all material respects true, accurate and not misleading.

20.2 None of the Company Warranties made by the Company herein or in any exhibit or schedule hereto, including the Disclosure Letter, or in any Transaction Agreement or certificate furnished by the Company pursuant to this Agreement contains or will contain at the Signing Date or the Completion Date any untrue statement of a material fact, or omits or will omit at the Completion Date to state any material fact necessary in order to make the statements contained herein or therein, in the light of the circumstances under which made, not misleading.

SCHEDULE 6
RESTRICTED ACTIONS

The Seller shall procure that none of the Group Companies shall until Completion:

(a) sell, lease, grant, transfer or otherwise dispose of any Assets of any Group Company, except sales of inventory, activated carbon systems or filtration units in the ordinary course of business consistent with past practice; or

(b) acquire or acquire any option or right of pre-emption in respect of any Asset other than (i) purchases from commercial suppliers in the ordinary course of business consistent with past practice or (ii) acquisitions of interests in leases to lignite reserves in connection with the Marshall Mine and on terms and conditions consistent with past practice; or

(c) agree to or undertake any capital expenditure not set forth in, or in excess of the amount budgeted for such capital expenditure as set forth in, the existing capital expenditures budget; or

(d) other than as set forth in Section 6—6(d) of the Disclosure Letter, create or permit to be incurred any Encumbrance over any material Asset (other than those which arise by operation of law), or give any material guarantee or indemnity; or

(e) other than as set forth in Section 6—6(e) of the Disclosure Letter, incur any Financial Debt other than (i) borrowing under the Credit Agreement in the ordinary course of business consistent with past practice to fund working capital, or (ii) to a Group Company in the ordinary course of business consistent with past practice; or

(f) declare, set aside or pay any dividend or other distribution in respect of any Group Company's share capital, or redeem, purchase or acquire any share capital of a Group Company or any security relating to such share capital, or make any other payment to any shareholder of any Group Company, in each case save to another Group Company; or

(g) amend or terminate any Material Contract, or release or waive any material claims or rights under any Material Contract, or enter into a Contract that would be a Material Contract described in Section 10.1(f), 10.1(g) (provided that the dollar amount in 10.1(g) of this Agreement shall be deemed to be $5,000,000) or 10.1(h) of Part B of Schedule 5 if in effect on the Signing Date; or

(h) except as required pursuant to existing written Benefit Plans in effect as of the Signing Date (i) effect any increase in or accelerate the vesting or payment of compensation, salaries, commissions, wages, perquisites or other benefits payable or to become payable to any current or former employees or agents of any Group Company (but excluding scheduled increases made in accordance with Clause 4.2(f) of this Agreement); (ii) hire or terminate or enter into or amend any severance agreement with any officer, director or Senior Employee

of the Group Company or promote or appoint any person to a position of officer or director of the Group Company; (iii) grant, pay or promise to pay any amounts, other than in accordance with existing Benefits Plans on the terms of such plans as of the Signing Date, including without limitation any severance or termination pay, to any employee, director or officer of the Group Company; (iv) enter into any change of control, severance or retention agreement with any current or former management employee, officer or director of a Group Company; or (v) establish adopt, enter into or amend any Benefit Plan, collective bargaining agreement or other Contract with or for the benefit of, any current or former directors, officers or employees or any of their beneficiaries; or

(i) make any loan to any person or entity that is not a Group Company; or

(j) make any material change in any Group Company's financial accounting principles or methods other than as required by Law including any change to the accounting reference date of any Group Company; or

(k) (i) make, change or rescind any material Tax election; (ii) file any amended Tax Return with respect to any material Tax; (iii) change any annual Tax accounting period or adopt or change any method of Tax accounting; (iv) enter into any settlement or compromise of any material Tax liability, agree to any adjustment of any material Tax attribute, or surrender any right or claim to a material refund of Taxes; (v) enter into any agreement with any Tax Authority relating to any material Tax liability or that could bind any Group Company after Completion, or file any request for rulings or special Tax incentives with any Tax Authority; or (vi) give or request any waiver or extension of a statute of limitation with respect to a material Tax Return; or

(l) initiate or settle any Litigation which is material to the Group (taken as a whole) (and excluding for the avoidance of doubt, any proceedings for the purpose of debt collection in the ordinary course of business); or

(m) amend the articles of association or other charter instruments or similar organizational documents of any Group Company; or

(n) create, issue, purchase or redeem any class of share capital, securities, securities convertible into shares or right to subscribe in respect of any of the foregoing; or

(o) liquidate any member of the Group or dispose of any shares in any member of the Group except to another Group Company; or

(p) enter into, amend or modify any Affiliate Arrangement or Shareholder Loan (other than to terminate all such arrangements in accordance with Clause 15.1 without any Liability to Purchaser or any Group Company from and after Completion); or

(q) enter into any Contract with a customer who is (i) located in any country targeted by any of the economic sanctions of the United States of America

administered by the United States Treasury Department's Office of Foreign Assets Control provided, however, that if the Seller provides written notice to the Purchaser that a Group Company intends to enter into a Contract with a customer who is located in such a country and that such economic sanctions would not prohibit the Group Company from entering into such a Contract if it were to be entered into after Completion, then the Group Company may enter into such Contract with the Purchaser's written consent or (ii) a person appearing on the list of Specially Designated Nationals and Blocked Persons issued by the United States Treasury Department's Office of Foreign Assets Control;

(r) make any material alteration to the pensions benefits of any employees; or

(s) agree, conditionally or otherwise, to do any of the foregoing.

SCHEDULE 7
NOTARY LETTER

Cabot Corporation

Attention: [•]

e-mail address: [•]

("**Purchaser**");

N Beta S.à.r.l.

Attention: [•]

e-mail address: [..]

("**Seller**");

[and

[**the Lender[s]**

Attention: [•]

e-mail address: [..]

(the "**Lender**")

Date: [•] 2012

Capitalized terms used but not otherwise defined herein shall have the meaning given to them in the Share Purchase Agreement between, *inter alia*, the Purchaser and the Seller relating to the sale and purchase of the entire issued share capital of Norit N.V., a limited liability company with corporate seat in Amersfoort, the Netherlands (the "**Share Purchase Agreement**").

Re: Payment instructions in respect of the completion of the sale and purchase of the Sale Shares between the Seller and the Purchaser (the "**Transaction**")

Dear [Sirs / Madams],

Introduction

1. I am a Dutch civil law notary (*notaris*) with De Brauw Blackstone Westbroek N.V. and practising in Amsterdam, the Netherlands. Acting in such capacity (the "**De Brauw Notary**"). I refer to Clause 2.4 and Schedule 4 of the Share Purchase Agreement.

Completion and payment instructions

2.1. I understand that I shall receive, prior to but at the latest at 9.00 am CET on the Completion Date in the De Brauw Notary's account (the "**Notary Account**") with [•] (the "**Bank**"), [•], account number [•], BIC: [•], IBAN: [•], account name: De Brauw Blackstone Westbroek N.V. Kwaliteitsrekening (USD account), from or on behalf of the Purchaser the amount of USD [•], being the (i) Share Consideration Amount *plus*

(ii) the Shareholder Loan Amount *plus* (iii) the Locked Box Interest Amount (the sum of (i) – (iii) being the "**Seller Amount**") *plus* (iv) the Credit Agreement Debt Amount (the "**Lenders' Amount**") and, quoting reference: "Purchase Price – 20538839 – Project Carmen", or such other amount as will be notified to me in writing by all the addressees of this letter (the "**Completion Amount**").

2.2. Upon receipt of the Completion Amount in the Notary Account, I will confirm in writing receipt thereof to each of the Purchaser and the Seller (the "**First Confirmation**"), such First Confirmation to be made by email addressed to the Purchaser and the Seller at the addresses and for the attention of the persons mentioned in the address line of this letter above.

2.3. Upon receipt of the Completion Amount into the Notary Account, I will hold the Completion Amount for the account of the Purchaser as the person who made the payment or on whose behalf the payment was made and until I will hold the Completion Amount for the account of the Seller as the person who becomes entitled thereto (or to part thereof) in accordance with this letter.

2.4. Immediately upon receipt by me of each of:

a. the Completion Amount in the Notary Account; and

b. a notice in the form as attached as Annex 1 to this letter, from the Purchaser and the Seller confirming that the steps referred to under 1 (a) and (b) and 2 (a) of Schedule 4 of the Share Purchase Agreement have been satisfied (the "**Notice**"),

I will execute the Transfer Deed.

2.5. Upon execution of the Transfer Deed in accordance with clause 2.4 of this letter, I will:

1. issue a confirmation of each said receipt in writing to each of the Purchaser and the Seller (the "**Second Confirmation**"), such Second Confirmation to be made by email addressed to the Purchaser and the Seller at the addresses and for the attention of the persons mentioned in the address line of this letter above;

2. hold the Seller Amount including any interest accrued since Completion (if any) for the Seller not subject to any condition;

3. hold the Lenders' Amount including any interest to be accrued following Completion (if any) for the Lenders not subject to any condition; and

4. give a payment instruction to the Bank to pay the Seller Amount, including any interest accrued since Completion, to the Seller as soon as possible on the same day if the banking system is still operative to execute wire transfers, or otherwise as soon as possible on the first business day following the Completion Date, to account number [•], BIC: [•], IBAN: [•] with [[•] Bank] at [*address bank*] in the name of [•]; and

5. give a payment instruction to the Bank to pay the Lenders' Amount, including any interest accrued since Completion, to the Lenders as soon as possible on the same

day if the banking system is still operative to execute wire transfers, or otherwise as soon as possible on the first business day following the Completion Date, to account number [•], BIC: [•], IBAN: [•] with [[•] Bank] at [*address bank*] in the name of [•].

Entire agreement

3. This letter contains all arrangements and understandings between the De Brauw Notary and the addressees with respect to the subject matter of this letter.

Lapse and remedy

4. In the event that I have not received the Notice from the Purchaser and the Seller within 5 (five) Business Days from the end of the day in which I received all or any amounts of the Completion Amount in the Notary Account, or such later date and time as will be agreed and confirmed in writing to me by all the addressees of this letter (such date and time or agreed date and time, as the case may be, the "**Retransfer Moment**"), I will (unless all addressees of this letter agree otherwise and confirm the same in writing to me prior to the Retransfer Moment), retransfer immediately all amounts of the Completion Amount received in the Notary Account to the original payee, together with the interest accrued thereon in the Notary account (if any).

Miscellaneous

5.1. Each of the addressees to this letter hereby (by countersigning) acknowledges and agrees that the De Brauw Notary shall not be responsible for any of the completion documents referred to herein but shall only be obligated for the performance of such duties as are specifically set forth herein. The De Brauw Notary will incur no liability with respect to any action taken or suffered by the De Brauw Notary in reliance upon any notice, direction, instruction (including, without limitation, wire transfer instructions whether incorporated herein or provided in a separate instrument), consent, statement or other document believed by the De Brauw Notary to be genuine and to have been signed by the proper person (and shall have no responsibility to determine the authenticity or accuracy thereof), nor for any action or inaction, except the De Brauw Notary's own willful misconduct or gross negligence or breach by the De Brauw Notary of the De Brauw Notary's obligations hereunder. In all questions arising under this letter, the De Brauw Notary may rely on the written advice of counsel.

5.2. Each of the addressees to this letter hereby (by countersigning) expressly waives any right or claim it might have to allege that any part of the Completion Amount including any interest accrued is to be applied in any manner other than strictly in accordance with the provisions of this letter.

5.3. The amount and purposes of the various payments in and out of the Notary Account have been determined only on the basis of information provided to the De Brauw Notary by the addressees and the addressees agree that the De Brauw Notary is not responsible for verifying or ascertaining the accuracy, the authenticity or any other aspect of that information nor of any confirmation received pursuant to this letter nor of any agreement or document referred to in this letter.

5.4. Each of the addressees to this letter hereby (by countersigning) agrees that the De Brauw Notary shall not be liable to any person for any shortfall in the Completion Amount, or any part thereof or interest thereon, or other loss, cost or liability in respect of the operation of this letter (including without limitation in respect of any loss, cost or liability caused by the act, omission, fraud, delay, negligence, insolvency (including bankruptcy, reorganisation, moratorium or similar) or default of any bank, financial institution, clearing system or other person or the directors, officers, employees, agents or representatives of any of the foregoing), unless such liability arises as a result of gross negligence, fraud or wilful misconduct on the part of the De Brauw Notary.

5.5. Furthermore, each of the addressees to this letter hereby (by countersigning) agrees to indemnify the De Brauw Notary and hold the De Brauw Notary harmless from and against any and all liability to any person that may arise as result of the operation of this letter, unless such liability arises as a result of gross negligence, fraud or wilful misconduct on the part of the De Brauw Notary.

5.6. The addressees acknowledge and expressly agree that:

a. the De Brauw Notary is engaged to effect the payment instructions in accordance with this letter having no obligation beyond giving the payment instructions set forth in this letter;

b. the De Brauw Notary is engaged to effect the payment instructions in accordance with this letter having no obligation or right to convert any amount in any currency into another currency;

c. with reference to the Rules of Professional Conduct (*Verordening beroeps- en gedragsregels*) of the Royal Dutch Organisation of Civil Law Notaries (*Koninklijke Notariële Beroepsorganisatie*), (i) De Brauw Blackstone Westbroek N.V. acts as counsel to the Purchaser in connection with, or acts as counsel for or on behalf of the Purchaser in the event of any dispute relating to, the Transaction or any related agreement, and (ii) the De Brauw Notary acts as independent third party in accordance with this letter even though he is a *notaris* with De Brauw Blackstone Westbroek N.V.;

d. the General Terms and Conditions of De Brauw Blackstone Westbroek N.V., of which the addressees acknowledge to have received a copy, are applicable to the services rendered by the De Brauw Notary pursuant to this letter and to supplemental and further assignments of the addressees in relation to this letter; clause 7 of said General Terms and Conditions applies to any and all Dutch and foreign banks involved in the payment instructions given by the De Brauw Notary in connection with this letter; and

e. where this letter refers to the De Brauw Notary or to “I” or “me”, this shall include the substitute (*waarnemer*) of the De Brauw Notary appointed in accordance with the applicable provisions of Dutch law (*Wet op het notarisambt*) or any other *notaris* with De Brauw Blackstone Westbroek.

5.7. This letter shall be governed exclusively by Dutch law. All disputes arising in connection with this letter, including disputes concerning the existence and validity

thereof, shall be resolved by the competent courts in Amsterdam.

5.8. Please confirm your agreement to the above arrangements by signing and dating the acknowledgement below and by returning the same to me.

5.9. The addressees confirm and agree that their respective notices and acknowledgements may be provided to the De Brauw Notary by way of executed counterpart signature pages and by telefax exchange and/or e-mail exchange (provided the attachments are PDF files) and that the De Brauw Notary may send communications to each of them in the same manner. The addressees confirm and agree that the De Brauw Notary may send communications to each of them not to them directly but to their respective legal counsel.

Yours faithfully,

R.W. Clumpkens
De Brauw Notary for De Brauw Blackstone Westbroek N.V.

For acknowledgement of receipt and agreement to the above:

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the Seller
By: [•]
Title: [•]
Date: [•] 2012

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the Purchaser
By: [•]
Title: [•]
Date: [•] 2012

[

[the Lenders]
By: [•]
Title: [•]
Date: [•] 2012]

ANNEX 1

From:

Cabot Corporation

Attention: [•]

e-mail address: [•]

("**Purchaser**");

and

N Beta S.à.r.l.

Attention: [•]

e-mail address: [•]

("**Seller**")

To: Mr. R.W. Clumpkens
Civil Law Notary
Fax no.: +31 20 577 1775
De Brauw Blackstone Westbroek N.V.

[•], 2012

Dear Sir,

Completion Project Carmen

We refer to the Share Purchase Agreement and the Notary Letter dated [•] 2012 (the "**Notary Letter**").

Terms and expressions used herein shall, unless otherwise defined herein, bear the meanings ascribed to them in the Notary Letter.

Purchaser and Sellers hereby confirm that the steps referred to under 1 (a) and (b) and 2 (a) of Schedule 4 of the Share Purchase Agreement have been satisfied.

This letter shall be governed by and construed in accordance with the laws of the Netherlands.

Yours faithfully,

Purchaser

Cabot Corporation

_____

By: [•]
Title: [•]

Seller

N Beta S.à.r.l.

_____

By: [•]
Title: [•]

SCHEDULE 8
TAX AFFAIRS

1 Interpretation

1.1 In this schedule, unless the contrary intention appears, words and expressions defined elsewhere in this agreement have the same meaning.

1.2 In this schedule, unless the contrary intention appears, a reference to a paragraph or subparagraph is to a paragraph or subparagraph of this schedule.

2 Preparation of Tax Returns

2.1 Seller shall prepare and file, or procure the preparation and filing of, all Tax Returns in respect of the Group Companies in a manner and on a basis consistent with past practice, to the extent that these are required to be filed on or prior to the Completion Date. To the extent that any such Tax Return relates to a period that includes or starts after the Locked Box Date, Purchaser shall have the right to review such Tax Return at least fifteen (15) Business Days prior to the due date for filing and Seller shall accept and reflect on such Tax Return all reasonable comments of Purchaser.

2.2 Seller and Purchaser shall provide each other such information and render each other such assistance as is reasonably necessary to ensure the proper and timely completion and filing of the Tax Returns of the Group Companies.

3 Tax Audits

3.1 Seller and Purchaser shall provide each other such information and render such assistance as may reasonably be requested in order to ensure the proper and adequate defence of any Tax Audit or other Tax proceeding.

3.2 Seller and Purchaser agree to retain all records that may be required for the conduct of any Tax Audit or other Tax proceedings until the expiration of applicable statutory limitation period and, upon reasonable notice, to provide each other access to all books and records relating to the Group Companies as may be reasonably required to exercise their rights under this paragraph 3.

SCHEDULE 9
SPECIFIED LEAKAGE

To the extent incurred, paid or agreed to be paid between the Locked Box Date and the Completion Date:

(b) Any fees, costs and expenses of external advisers engaged by the Seller, its direct or indirect shareholders, the Company and/or the Group Companies in relation to the Transaction, including but not limited to running the Data Room, which the Seller expects will not exceed US$367,588;

(c) Payments by the Seller or any Related Person in the ordinary course of business not related to the Transaction made in accordance with existing contractual arrangements which the Seller expects will not exceed US$20,000;

(d) The severance payments paid to certain former employees of N International B.V. in the aggregate amount of €963,000 (including Dutch wage taxes in the aggregate amount of €502,000), as set forth in Schedule 10.3(e) of Paragraph 9 (Specific Disclosures) of the Disclosure Letter;

To the extent not repaid to the Group Companies at or prior to Completion:

(e) The payment by the Seller on behalf of itself, DH N S.à r.l. and N Alpha S.à r.l. of certain taxes in the aggregate amount of €417,000 and ongoing costs for 2012 in the aggregate amount of €270,281, as set forth in Schedule 10.3(f) of Paragraph 9 (Specific Disclosures) of the Disclosure Letter; and

(f) The aggregate amount of Related Party Loans as of Completion.

Neither this Schedule 9 nor any of the amounts hereon limits any of the Party’s rights and obligations under Clause 10.1 and 10.2 of this Agreement.

SIGNED BY)
N BETA S.À R.L.) /s/ Cedric Stebel
acting by a duly authorised representative)
in the presence of:-)

Witness:

Signature: /s/ Claire Sharp
Name: Clarie Sharp
Address: 28, Boulevard Royal, L-2669 Luxembourg

Occupation: PA Secretary/Administrator

SIGNED BY)
CABOT CORPORATION) /s/ Patrick M. Prevost
acting by a duly authorised representative) President & CEO
in the presence of:-)

Witness:

Signature: /s/ Philip Szabla
Name: Philip Szabla
Address: 2 Seaport Lane, Boston MA 02210

Occupation:

SIGNED BY)
NORIT N.V.) /s/ Pascal Keutgens /s/ Ronald D. Thompson
acting by a duly authorised representative)
in the presence of:-)

Witness:

Signature: /s/ Jodi Walkinshaw
Name: Jodi Walkinshaw
Address: 45 Pall Mall, London SW145JH

Occupation: PA Secretary

/s/ Gerardus C.P.J. Maters
G. Maters
3200 University Ave,
Marshall, TX 75670
CFO

Exhibit 10.2

Documentation dated July 13, 2012 relating to the increase in the aggregate commitments available pursuant to the Credit Agreement, dated August 26, 2011, among Cabot Corporation, JPMorgan Chase Bank, N.A., J. P. Morgan Securities LLC, Citigroup Global Markets Inc., Citibank, N.A., Bank of America, N.A., and Mizuho Corporate Bank, Ltd. and the other lenders party thereto.

Amended Schedule 2.01–Commitments

(Effective as of July 13, 2012)

Lender	Commitment	Applicable Percentage
JPMorgan Chase Bank, N.A.	$118,000,000	15.733333333%
Citibank, N.A.	$118,000,000	15.733333333%
Bank of America, N.A.	$ 85,000,000	11.333333333%
Mizuho Corporate Bank, Ltd.	$ 85,000,000	11.333333333%
TD Bank, N.A.	$ 70,000,000	9.333333333%
Goldman Sachs Bank USA	$ 58,500,000	7.800000000%
RBS Citizens, N.A.	$ 58,500,000	7.800000000%
U.S. Bank, N.A.	$ 58,500,000	7.800000000%
HSBC Bank USA, N.A.*	$ 50,000,000	6.666666666%
Bank of China, New York Branch	$ 48,500,000	6.466666666%
Total	**$750,000,000**	**100%**

* Commitment unchanged

INCREASING LENDER SUPPLEMENT

INCREASING LENDER SUPPLEMENT, dated July 13, 2012 (this "Supplement"), by and among each of the signatories hereto, to the Credit Agreement, dated as of August 26, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cabot Corporation, a Delaware corporation (the "Company"), certain of its Subsidiaries from time to time party thereto (each a "Designated Borrower" and together with the Company, the "Borrowers"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"). Capitalized terms used herein and not defined herein shall have the meanings defined in the Credit Agreement.

W I T N E S S E T H

WHEREAS, pursuant to Section 2.21 of the Credit Agreement, the Company has the right, subject to the terms and conditions thereof, to effectuate from time to time an increase in the aggregate Commitments and/or one or more tranches of Incremental Term Loans under the Credit Agreement by requesting one or more Lenders to increase the amount of its Commitment and/or to participate in such a tranche;

WHEREAS, the Company has given notice to the Administrative Agent of its intention to increase the aggregate Commitments pursuant to such Section 2.21; and

WHEREAS, pursuant to such Section 2.21, the undersigned Increasing Lender now desires to increase the amount of its Commitment under the Credit Agreement by executing and delivering to the Company and the Administrative Agent this Supplement;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Increasing Lender agrees, subject to the terms and conditions of the Credit Agreement, that on the date of this Supplement it shall have its Commitment increased by $28,000,000, thereby making the aggregate amount of its total Commitments equal to $118,000,000.

2. The Company hereby represents and warrants that on the proposed date of the effectiveness of the increase in the aggregate Commitments contemplated hereby, (A) the conditions set forth in paragraphs (a) and (b) of Section 4.02 of the Credit Agreement are and shall be satisfied both before and immediately after giving effect to such increase in the aggregate Commitments and (B) the Company is and shall be in pro forma compliance with the Consolidated Leverage Ratio covenant set forth in Section 6.05(a) of the Credit Agreement as determined in the manner required by Section 2.21 of the Credit Agreement.

3. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

4. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

JPMORGAN CHASE BANK, N.A.,
as Increasing Lender

By: /s/ D. Scott Farquhar
Name: D. Scott Farquhar
Title: SrVP & Credit Executive

[SIGNATURE PAGE TO INCREASING LENDER SUPPLEMENT (JPM)
(2012 SENIOR CREDIT FACILITY EXPANSION)]

Accepted and agreed to as of the date first written above:

CABOT CORPORATION

By: /s/ Eduardo Cordeiro
Name: Eduardo Cordeiro
Title: Executive Vice President and
Chief Financial Officer

Acknowledged as of the date first written above:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: /s/ D. Scott Farquhar
Name: D. Scott Farquhar
Title: SrVP & Credit Executive

[SIGNATURE PAGE TO INCREASING LENDER SUPPLEMENT (JPM)
(2012 SENIOR CREDIT FACILITY EXPANSION)]

INCREASING LENDER SUPPLEMENT

INCREASING LENDER SUPPLEMENT, dated July 13, 2012 (this "Supplement"), by and among each of the signatories hereto, to the Credit Agreement, dated as of August 26, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cabot Corporation, a Delaware corporation (the "Company"), certain of its Subsidiaries from time to time party thereto (each a "Designated Borrower" and together with the Company, the "Borrowers"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"). Capitalized terms used herein and not defined herein shall have the meanings defined in the Credit Agreement.

W I T N E S S E T H

WHEREAS, pursuant to Section 2.21 of the Credit Agreement, the Company has the right, subject to the terms and conditions thereof, to effectuate from time to time an increase in the aggregate Commitments and/or one or more tranches of Incremental Term Loans under the Credit Agreement by requesting one or more Lenders to increase the amount of its Commitment and/or to participate in such a tranche;

WHEREAS, the Company has given notice to the Administrative Agent of its intention to increase the aggregate Commitments pursuant to such Section 2.21; and

WHEREAS, pursuant to such Section 2.21, the undersigned Increasing Lender now desires to increase the amount of its Commitment under the Credit Agreement by executing and delivering to the Company and the Administrative Agent this Supplement;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Increasing Lender agrees, subject to the terms and conditions of the Credit Agreement, that on the date of this Supplement it shall have its Commitment increased by $28,000,000, thereby making the aggregate amount of its total Commitments equal to $118,000,000.

2. The Company hereby represents and warrants that on the proposed date of the effectiveness of the increase in the aggregate Commitments contemplated hereby, (A) the conditions set forth in paragraphs (a) and (b) of Section 4.02 of the Credit Agreement are and shall be satisfied both before and immediately after giving effect to such increase in the aggregate Commitments and (B) the Company is and shall be in pro forma compliance with the Consolidated Leverage Ratio covenant set forth in Section 6.05(a) of the Credit Agreement as determined in the manner required by Section 2.21 of the Credit Agreement.

3. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

4. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

CITIBANK, N.A.,
as Increasing Lender

By: /s/ Michael Vondriska
Name: Michael Vondriska
Title: Vice President

[SIGNATURE PAGE TO INCREASING LENDER SUPPLEMENT (CITI)
(2012 SENIOR CREDIT FACILITY EXPANSION)]

Accepted and agreed to as of the date first written above:

CABOT CORPORATION

By: /s/ Eduardo Cordeiro
Name: Eduardo Cordeiro
Title: Executive Vice President and
Chief Financial Officer

Acknowledged as of the date first written above:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: /s/ D. Scott Farquhar
Name: D. Scott Farquhar
Title: SrVP & Credit Executive

INCREASING LENDER SUPPLEMENT

INCREASING LENDER SUPPLEMENT, dated July 13, 2012 (this "Supplement"), by and among each of the signatories hereto, to the Credit Agreement, dated as of August 26, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cabot Corporation, a Delaware corporation (the "Company"), certain of its Subsidiaries from time to time party thereto (each a "Designated Borrower" and together with the Company, the "Borrowers"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"). Capitalized terms used herein and not defined herein shall have the meanings defined in the Credit Agreement.

W I T N E S S E T H

WHEREAS, pursuant to Section 2.21 of the Credit Agreement, the Company has the right, subject to the terms and conditions thereof, to effectuate from time to time an increase in the aggregate Commitments and/or one or more tranches of Incremental Term Loans under the Credit Agreement by requesting one or more Lenders to increase the amount of its Commitment and/or to participate in such a tranche;

WHEREAS, the Company has given notice to the Administrative Agent of its intention to increase the aggregate Commitments pursuant to such Section 2.21; and

WHEREAS, pursuant to such Section 2.21, the undersigned Increasing Lender now desires to increase the amount of its Commitment under the Credit Agreement by executing and delivering to the Company and the Administrative Agent this Supplement;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Increasing Lender agrees, subject to the terms and conditions of the Credit Agreement, that on the date of this Supplement it shall have its Commitment increased by $25,000,000, thereby making the aggregate amount of its total Commitments equal to $85,000,000.

2. The Company hereby represents and warrants that on the proposed date of the effectiveness of the increase in the aggregate Commitments contemplated hereby, (A) the conditions set forth in paragraphs (a) and (b) of Section 4.02 of the Credit Agreement are and shall be satisfied both before and immediately after giving effect to such increase in the aggregate Commitments and (B) the Company is and shall be in pro forma compliance with the Consolidated Leverage Ratio covenant set forth in Section 6.05(a) of the Credit Agreement as determined in the manner required by Section 2.21 of the Credit Agreement.

3. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

4. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

BANK OF AMERICA, N.A.,
as Increasing Lender

By: /s/ Michael A. Palmer
Name: Michael A. Palmer
Title: Senior Vice President

[SIGNATURE PAGE TO INCREASING LENDER SUPPLEMENT (BOA)
(2012 SENIOR CREDIT FACILITY EXPANSION)]

Accepted and agreed to as of the date first written above:

CABOT CORPORATION

By: /s/ Eduardo Cordeiro
Name: Eduardo Cordeiro
Title: Executive Vice President and
Chief Financial Officer

Acknowledged as of the date first written above:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: /s/ D. Scott Farquhar
Name: D. Scott Farquhar
Title: SrVP & Credit Executive

[SIGNATURE PAGE TO INCREASING LENDER SUPPLEMENT (BOA)
(2012 SENIOR CREDIT FACILITY EXPANSION)]

INCREASING LENDER SUPPLEMENT

INCREASING LENDER SUPPLEMENT, dated July 13, 2012 (this "Supplement"), by and among each of the signatories hereto, to the Credit Agreement, dated as of August 26, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cabot Corporation, a Delaware corporation (the "Company"), certain of its Subsidiaries from time to time party thereto (each a "Designated Borrower" and together with the Company, the "Borrowers"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"). Capitalized terms used herein and not defined herein shall have the meanings defined in the Credit Agreement.

W I T N E S S E T H

WHEREAS, pursuant to Section 2.21 of the Credit Agreement, the Company has the right, subject to the terms and conditions thereof, to effectuate from time to time an increase in the aggregate Commitments and/or one or more tranches of Incremental Term Loans under the Credit Agreement by requesting one or more Lenders to increase the amount of its Commitment and/or to participate in such a tranche;

WHEREAS, the Company has given notice to the Administrative Agent of its intention to increase the aggregate Commitments pursuant to such Section 2.21; and

WHEREAS, pursuant to such Section 2.21, the undersigned Increasing Lender now desires to increase the amount of its Commitment under the Credit Agreement by executing and delivering to the Company and the Administrative Agent this Supplement;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Increasing Lender agrees, subject to the terms and conditions of the Credit Agreement, that on the date of this Supplement it shall have its Commitment increased by $25,000,000, thereby making the aggregate amount of its total Commitments equal to $85,000,000.
2. The Company hereby represents and warrants that on the proposed date of the effectiveness of the increase in the aggregate Commitments contemplated hereby, (A) the conditions set forth in paragraphs (a) and (b) of Section 4.02 of the Credit Agreement are and shall be satisfied both before and immediately after giving effect to such increase in the aggregate Commitments and (B) the Company is and shall be in pro forma compliance with the Consolidated Leverage Ratio covenant set forth in Section 6.05(a) of the Credit Agreement as determined in the manner required by Section 2.21 of the Credit Agreement.
3. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

4. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

MIZUHO CORPORATE BANK, LTD.,
as Increasing Lender

By: /s/ Raymond Ventura
Name: Raymond Ventura
Title: Deputy General Manager

[SIGNATURE PAGE TO INCREASING LENDER SUPPLEMENT (MIZUHO)
(2012 SENIOR CREDIT FACILITY EXPANSION)]

Accepted and agreed to as of the date first written above:

CABOT CORPORATION

By: /s/ Eduardo Cordeiro
Name: Eduardo Cordeiro
Title: Executive Vice President and
Chief Financial Officer

Acknowledged as of the date first written above:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: /s/ D. Scott Farquhar
Name: D. Scott Farquhar
Title: SrVP & Credit Executive

INCREASING LENDER SUPPLEMENT

INCREASING LENDER SUPPLEMENT, dated July 13, 2012 (this "Supplement"), by and among each of the signatories hereto, to the Credit Agreement, dated as of August 26, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cabot Corporation, a Delaware corporation (the "Company"), certain of its Subsidiaries from time to time party thereto (each a "Designated Borrower" and together with the Company, the "Borrowers"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"). Capitalized terms used herein and not defined herein shall have the meanings defined in the Credit Agreement.

W I T N E S S E T H

WHEREAS, pursuant to Section 2.21 of the Credit Agreement, the Company has the right, subject to the terms and conditions thereof, to effectuate from time to time an increase in the aggregate Commitments and/or one or more tranches of Incremental Term Loans under the Credit Agreement by requesting one or more Lenders to increase the amount of its Commitment and/or to participate in such a tranche;

WHEREAS, the Company has given notice to the Administrative Agent of its intention to increase the aggregate Commitments pursuant to such Section 2.21; and

WHEREAS, pursuant to such Section 2.21, the undersigned Increasing Lender now desires to increase the amount of its Commitment under the Credit Agreement by executing and delivering to the Company and the Administrative Agent this Supplement;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Increasing Lender agrees, subject to the terms and conditions of the Credit Agreement, that on the date of this Supplement it shall have its Commitment increased by $20,000,000, thereby making the aggregate amount of its total Commitments equal to $70,000,000.

2. The Company hereby represents and warrants that on the proposed date of the effectiveness of the increase in the aggregate Commitments contemplated hereby, (A) the conditions set forth in paragraphs (a) and (b) of Section 4.02 of the Credit Agreement are and shall be satisfied both before and immediately after giving effect to such increase in the aggregate Commitments and (B) the Company is and shall be in pro forma compliance with the Consolidated Leverage Ratio covenant set forth in Section 6.05(a) of the Credit Agreement as determined in the manner required by Section 2.21 of the Credit Agreement.

3. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

4. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

TD BANK, N.A.,
as Increasing Lender

By: /s/ Alan Garson
Name: Alan Garson
Title: Senior Vice President

[SIGNATURE PAGE TO INCREASING LENDER SUPPLEMENT (TD BANK)
(2012 SENIOR CREDIT FACILITY EXPANSION)]

Accepted and agreed to as of the date first written above:

CABOT CORPORATION

By: /s/ Eduardo Cordeiro
Name: Eduardo Cordeiro
Title: Executive Vice President and
Chief Financial Officer

Acknowledged as of the date first written above:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: /s/ D. Scott Farquhar
Name: D. Scott Farquhar
Title: SrVP & Credit Executive

[SIGNATURE PAGE TO INCREASING LENDER SUPPLEMENT (TD BANK)
(2012 SENIOR CREDIT FACILITY EXPANSION)]

INCREASING LENDER SUPPLEMENT

INCREASING LENDER SUPPLEMENT, dated July 13, 2012 (this "Supplement"), by and among each of the signatories hereto, to the Credit Agreement, dated as of August 26, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cabot Corporation, a Delaware corporation (the "Company"), certain of its Subsidiaries from time to time party thereto (each a "Designated Borrower" and together with the Company, the "Borrowers"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"). Capitalized terms used herein and not defined herein shall have the meanings defined in the Credit Agreement.

W I T N E S S E T H

WHEREAS, pursuant to Section 2.21 of the Credit Agreement, the Company has the right, subject to the terms and conditions thereof, to effectuate from time to time an increase in the aggregate Commitments and/or one or more tranches of Incremental Term Loans under the Credit Agreement by requesting one or more Lenders to increase the amount of its Commitment and/or to participate in such a tranche;

WHEREAS, the Company has given notice to the Administrative Agent of its intention to increase the aggregate Commitments pursuant to such Section 2.21; and

WHEREAS, pursuant to such Section 2.21, the undersigned Increasing Lender now desires to increase the amount of its Commitment under the Credit Agreement by executing and delivering to the Company and the Administrative Agent this Supplement;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Increasing Lender agrees, subject to the terms and conditions of the Credit Agreement, that on the date of this Supplement it shall have its Commitment increased by $18,500,000, thereby making the aggregate amount of its total Commitments equal to $58,500,000.

2. The Company hereby represents and warrants that on the proposed date of the effectiveness of the increase in the aggregate Commitments contemplated hereby, (A) the conditions set forth in paragraphs (a) and (b) of Section 4.02 of the Credit Agreement are and shall be satisfied both before and immediately after giving effect to such increase in the aggregate Commitments and (B) the Company is and shall be in pro forma compliance with the Consolidated Leverage Ratio covenant set forth in Section 6.05(a) of the Credit Agreement as determined in the manner required by Section 2.21 of the Credit Agreement.

3. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

4. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

GOLDMAN SACHS BANK USA,
as Increasing Lender

By: /s/ Mark Walton
Name: Mark Walton
Title: Authorized Signatory

[SIGNATURE PAGE TO INCREASING LENDER SUPPLEMENT (GOLDMAN SACHS)
(2012 SENIOR CREDIT FACILITY EXPANSION)]

Accepted and agreed to as of the date first written above:

CABOT CORPORATION

By: /s/ Eduardo Cordeiro
Name: Eduardo Cordeiro
Title: Executive Vice President and
Chief Financial Officer

Acknowledged as of the date first written above:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: /s/ D. Scott Farquhar
Name: D. Scott Farquhar
Title: SrVP & Credit Executive

INCREASING LENDER SUPPLEMENT

INCREASING LENDER SUPPLEMENT, dated July 13, 2012 (this "Supplement"), by and among each of the signatories hereto, to the Credit Agreement, dated as of August 26, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cabot Corporation, a Delaware corporation (the "Company"), certain of its Subsidiaries from time to time party thereto (each a "Designated Borrower" and together with the Company, the "Borrowers"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"). Capitalized terms used herein and not defined herein shall have the meanings defined in the Credit Agreement.

W I T N E S S E T H

WHEREAS, pursuant to Section 2.21 of the Credit Agreement, the Company has the right, subject to the terms and conditions thereof, to effectuate from time to time an increase in the aggregate Commitments and/or one or more tranches of Incremental Term Loans under the Credit Agreement by requesting one or more Lenders to increase the amount of its Commitment and/or to participate in such a tranche;

WHEREAS, the Company has given notice to the Administrative Agent of its intention to increase the aggregate Commitments pursuant to such Section 2.21; and

WHEREAS, pursuant to such Section 2.21, the undersigned Increasing Lender now desires to increase the amount of its Commitment under the Credit Agreement by executing and delivering to the Company and the Administrative Agent this Supplement;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Increasing Lender agrees, subject to the terms and conditions of the Credit Agreement, that on the date of this Supplement it shall have its Commitment increased by $18,500,000, thereby making the aggregate amount of its total Commitments equal to $58,500,000.

2. The Company hereby represents and warrants that on the proposed date of the effectiveness of the increase in the aggregate Commitments contemplated hereby, (A) the conditions set forth in paragraphs (a) and (b) of Section 4.02 of the Credit Agreement are and shall be satisfied both before and immediately after giving effect to such increase in the aggregate Commitments and (B) the Company is and shall be in pro forma compliance with the Consolidated Leverage Ratio covenant set forth in Section 6.05(a) of the Credit Agreement as determined in the manner required by Section 2.21 of the Credit Agreement.

3. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

4. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

RBS CITIZENS, N.A.,
as Increasing Lender

By: /s/ Patrick Ketter
Name: Patrick Ketter
Title: Senior Vice President

[SIGNATURE PAGE TO INCREASING LENDER SUPPLEMENT (RBS CITIZENS)
(2012 SENIOR CREDIT FACILITY EXPANSION)]

Accepted and agreed to as of the date first written above:

CABOT CORPORATION

By: /s/ Eduardo Cordeiro
Name: Eduardo Cordeiro
Title: Executive Vice President and
Chief Financial Officer

[SIGNATURE PAGE TO INCREASING LENDER SUPPLEMENT (RBS CITIZENS)
(2012 SENIOR CREDIT FACILITY EXPANSION)]

Acknowledged as of the date first written above:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: /s/ D. Scott Farquhar
Name: D. Scott Farquhar
Title: SrVP & Credit Executive

INCREASING LENDER SUPPLEMENT

INCREASING LENDER SUPPLEMENT, dated July 13, 2012 (this "Supplement"), by and among each of the signatories hereto, to the Credit Agreement, dated as of August 26, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cabot Corporation, a Delaware corporation (the "Company"), certain of its Subsidiaries from time to time party thereto (each a "Designated Borrower" and together with the Company, the "Borrowers"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"). Capitalized terms used herein and not defined herein shall have the meanings defined in the Credit Agreement.

W I T N E S S E T H

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WHEREAS, the Company has given notice to the Administrative Agent of its intention to increase the aggregate Commitments pursuant to such Section 2.21; and

WHEREAS, pursuant to such Section 2.21, the undersigned Increasing Lender now desires to increase the amount of its Commitment under the Credit Agreement by executing and delivering to the Company and the Administrative Agent this Supplement;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Increasing Lender agrees, subject to the terms and conditions of the Credit Agreement, that on the date of this Supplement it shall have its Commitment increased by $18,500,000, thereby making the aggregate amount of its total Commitments equal to $58,500,000.

2. The Company hereby represents and warrants that on the proposed date of the effectiveness of the increase in the aggregate Commitments contemplated hereby, (A) the conditions set forth in paragraphs (a) and (b) of Section 4.02 of the Credit Agreement are and shall be satisfied both before and immediately after giving effect to such increase in the aggregate Commitments and (B) the Company is and shall be in pro forma compliance with the Consolidated Leverage Ratio covenant set forth in Section 6.05(a) of the Credit Agreement as determined in the manner required by Section 2.21 of the Credit Agreement.

3. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

4. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

U.S. BANK, N.A.,
as Increasing Lender

By: /s/ Michael P. Dickman
Name: Michael P. Dickman
Title: Vice President

[SIGNATURE PAGE TO INCREASING LENDER SUPPLEMENT (US BANK)
(2012 SENIOR CREDIT FACILITY EXPANSION)]

Accepted and agreed to as of the date first written above:

CABOT CORPORATION

By: /s/ Eduardo Cordeiro
Name: Eduardo Cordeiro
Title: Executive Vice President and
Chief Financial Officer

Acknowledged as of the date first written above:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: /s/ D. Scott Farquhar
Name: D. Scott Farquhar
Title: SrVP & Credit Executive

[SIGNATURE PAGE TO INCREASING LENDER SUPPLEMENT (US BANK)
(2012 SENIOR CREDIT FACILITY EXPANSION)]

INCREASING LENDER SUPPLEMENT

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W I T N E S S E T H

WHEREAS, pursuant to Section 2.21 of the Credit Agreement, the Company has the right, subject to the terms and conditions thereof, to effectuate from time to time an increase in the aggregate Commitments and/or one or more tranches of Incremental Term Loans under the Credit Agreement by requesting one or more Lenders to increase the amount of its Commitment and/or to participate in such a tranche;

WHEREAS, the Company has given notice to the Administrative Agent of its intention to increase the aggregate Commitments pursuant to such Section 2.21; and

WHEREAS, pursuant to such Section 2.21, the undersigned Increasing Lender now desires to increase the amount of its Commitment under the Credit Agreement by executing and delivering to the Company and the Administrative Agent this Supplement;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Increasing Lender agrees, subject to the terms and conditions of the Credit Agreement, that on the date of this Supplement it shall have its Commitment increased by $18,500,000, thereby making the aggregate amount of its total Commitments equal to $48,500,000.

2. The Company hereby represents and warrants that on the proposed date of the effectiveness of the increase in the aggregate Commitments contemplated hereby, (A) the conditions set forth in paragraphs (a) and (b) of Section 4.02 of the Credit Agreement are and shall be satisfied both before and immediately after giving effect to such increase in the aggregate Commitments and (B) the Company is and shall be in pro forma compliance with the Consolidated Leverage Ratio covenant set forth in Section 6.05(a) of the Credit Agreement as determined in the manner required by Section 2.21 of the Credit Agreement.

3. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

4. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

BANK OF CHINA, NEW YORK BRANCH,
as Increasing Lender

By: /s/ Raymond Qiao
Name: Raymond Qiao
Title: First Vice President

[SIGNATURE PAGE TO INCREASING LENDER SUPPLEMENT (BANK OF CHINA)
(2012 SENIOR CREDIT FACILITY EXPANSION)]

Accepted and agreed to as of the date first written above:

CABOT CORPORATION

By: /s/ Eduardo Cordeiro
Name: Eduardo Cordeiro
Title: Executive Vice President and
Chief Financial Officer

Acknowledged as of the date first written above:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: /s/ D. Scott Farquhar
Name: D. Scott Farquhar
Title: SrVP & Credit Executive

EXHIBIT 10.3

Cabot Corporation
2009 Long-Term Incentive Plan

Restricted Stock Unit Award Certificate

_____, 2012

Cabot Corporation Headquarters

This certificate evidences the grant to you by Cabot Corporation (the "Company"), subject to the terms provided herein and in the 2009 Long-Term Incentive Plan (as amended from time to time, the "2009 Plan"), of the restricted stock units set forth in the table below (such units referred to collectively as your "Award"). The principal terms of your Award are described below. Except as otherwise expressly provided, all terms used herein shall have the same meaning as in the 2009 Plan.

Time-Based Restricted Stock Unit	**RSUs**
Performance-Based Restricted Stock Unit	**PSUs**
Date that Units Vest	**[Date]**

General Terms of your Award.

Time-Based Restricted Stock Unit. The time-based restricted stock unit portion of your Award (the "RSUs") gives you the conditional right to receive, without payment, subject to the vesting and other conditions set forth in this Certificate and in the 2009 Plan, (i) shares of common stock, par value $1.00 per share, of the Company (the "Common Stock") equal in number to the number of RSUs set forth in the table above (the "Shares"), and (ii) dividend equivalents, payable in cash, when and if dividends are declared and paid on the Company's outstanding shares of Common Stock, and equal in value to the dividends that would have been paid in respect of the Shares had such Shares been issued to you on [date]. Any dividend equivalents payable to you will be paid through the payroll system as soon as administratively possible after the Common Stock dividend payment date.

Performance-Based Restricted Stock Unit. The performance-based restricted stock unit portion of your Award (the "PSUs") gives you the conditional right to receive, without payment, upon the Company's achievement of the performance metrics outlined in Appendix A attached to this Certificate and subject to the vesting and other conditions set forth in this Certificate and in the 2009 Plan, shares of Common Stock representing from 0% to 150% of the number of PSUs granted, with the actual number of shares to be delivered determined in accordance with the provisions of Appendix A, it being understood that the Compensation Committee of the Company's Board of Directors has discretion to adjust the performance metrics outlined in Appendix A to account for, or to take into account in determining whether any performance metric set forth in Appendix A has been achieved, the occurrence of unanticipated events and circumstances during the performance period of this Award as the Compensation Committee deems necessary or advisable. You shall not be entitled to dividend equivalents with respect to the PSU portion of your Award.

Vesting of Your Award. Except as otherwise provided in the Plan, and subject in the case of PSUs to the achievement of the performance metrics outlined in Appendix A, your Award shall vest on [date], unless it is earlier terminated or forfeited, provided you are on such date, and will have been at all times since the date of this Certificate, an employee of the Company or a subsidiary or affiliate of the Company. The conditions under which your Award may be forfeited are explained below.

Circumstances that may lead to the forfeiture of your Award. If your employment with Cabot ends for any reason before your Award vests, you will forfeit your Award immediately (unless your employment terminates because of your death or Disability, as defined in the 2009 Plan, or Cabot, any successor entity or any of their respective Affiliates, terminates your employment within two years following a Change in Control other than for Cause or you terminate your employment for Good Reason within this same time period following a Change in Control as more fully described below). If your employment ceases because of your death or Disability, the following rules will apply:

- the RSU portion of your Award will vest;
- any portion of your PSU Award as to which at the time your employment ceases the performance criteria have been satisfied (other than the passage of time necessary for vesting) will vest; and
- any portion of your PSU Award which is conditioned upon satisfaction of performance criteria with respect to a current or future performance period that have not been satisfied at the time your employment ceases will terminate.

If, in connection with a Change in Control, your Award is assumed by the acquirer or surviving entity in such transaction or substituted for an equivalent award by the acquirer or surviving entity as provided for in Section 7(a)(y)(i) of the 2009 Plan, and Cabot, any successor entity or any of their respective Affiliates, terminates your employment within two years following such Change in Control, other than for Cause, or you terminate your employment for Good Reason within this same time period following a Change in Control, the following rules will apply:

- the RSU portion of your Award will vest;
- any portion of your PSU Award as to which at the time your employment ceases the performance criteria have been satisfied (other than the passage of time necessary for vesting) will vest; and
- any portion of your PSU Award which is conditioned upon satisfaction of performance criteria with respect to a current or future performance period that have not been satisfied at the time your employment ceases will vest as if target performance had been achieved.

For purposes of this award agreement, “Cause” means (i) your willful and continued failure to perform substantially your reasonably assigned duties with the Company or any successor entity or any of their respective Affiliates (other than any such failure resulting from your physical or mental incapacity or any such actual, alleged or anticipated failure after you issue a notice of termination for Good Reason) after a written demand for substantial performance is delivered to you by the Company which demand specifically identifies the manner in which the Company believes you have not substantially performed your duties; or (ii) your willfully engaging in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of this definition (i) no act, or failure to act, on your part shall be deemed “willful” unless done, or omitted to be done, by you not in good faith and without reasonable belief that your actions or omission was in the best interest of the Company and (ii) your good faith errors in judgment shall not constitute Cause or be considered in any determination of whether Cause exists.

For purposes of this award agreement, “Good Reason” means the occurrence after a Change in Control, without your prior written consent, of any of the following events or conditions:

(a) a change in your status, title, position or responsibilities (including reporting responsibilities) which represents a material adverse change from your status, title, position or responsibilities as in effect immediately prior thereto; the assignment to you of any duties or

responsibilities which are materially inconsistent with your status, title, position or responsibilities; or your removal from or the failure to reappoint or reelect you to any of such offices or positions, except in connection with the termination of your employment for Disability, Cause, as a result of your death or by you other than for Good Reason;

(b) a reduction in the rate of your annual base salary or target annual cash bonus, or a material reduction in your total compensation;

(c) the relocation of the offices at which you are principally employed to a location more than twenty-five (25) miles from the location of such office immediately prior to the Change in Control, or the Company's requiring you to be based at a location more than twenty-five (25) miles from such office, except to the extent you were not previously assigned to a principal location and except for required travel on the Company's business to an extent substantially consistent with your business travel obligations at the time of the Change in Control;

(d) the failure by the Company to pay to you any portion of your then current base salary or annual cash bonus or any other compensation, or to pay to you any portion of an installment of deferred compensation under any deferred compensation program of the Company in which you participated, in each case, within fourteen (14) days of the date such compensation is due and payable in accordance with the terms of the applicable agreement or plan or applicable law; or

(e) any material reduction in the retirement or welfare benefits or other material benefit or compensation plan made available to you or any materially adverse change in the terms on which those benefits are made available.

In order for a termination for Good Reason to be effective, you must (a) provide notice to the Company specifying in reasonable detail the condition giving rise to the Good Reason no later than the one-hundred and eightieth (180th) day following the occurrence of that condition; (b) provide the Company a period of thirty (30) days to remedy the condition; and (c) terminate your employment for Good Reason within sixty (60) days following the expiration of the Company's period to remedy if the Company fails to remedy the condition.

Delivery of Shares. The Company shall, as soon as practicable upon the vesting of your Award (but in no event later than March 15 of the year following the year such Award vests) deliver the shares with respect to such vested Award to you (or, in the event of your death, to the person to whom the Award has passed by will or the laws of descent and distribution). No shares will be issued pursuant to this Award unless and until all legal requirements applicable to the issuance or transfer of such shares have been complied with to the satisfaction of the Administrator and you have made arrangements to pay to Cabot any applicable withholding taxes due upon the vesting of your Award.

Dividends; Other Rights. The Award shall not be interpreted to bestow upon you any equity interest or ownership in the Company or any Affiliate prior to the date on which the Company delivers shares to you, except for the right to receive dividend equivalents on the RSUs in accordance with this Certificate. You are not entitled to vote any shares by reason of the granting of this Award. You shall have the rights of a shareholder only as to those shares, if any, that are actually delivered under this Award at the time such shares are delivered.

Certain Tax Matters. The general tax consequences of the Award are described in the Supplementary Tax Summary attached to this Certificate. You are responsible, however, for seeking advice from your own tax and financial advisors with respect to the consequences of the Award to the extent you require or desire such advice.

You must pay to Cabot any applicable withholding taxes due upon the vesting of your Award. You may elect to satisfy federal, state or local withholding requirements arising in connection with the vesting of this Award by having shares of stock withheld from the shares deliverable to you, up to the greatest number of whole shares with an aggregate fair market value not exceeding the minimum required withholding applicable to the amount so vesting. Any such election shall be made in a form and manner acceptable to the Administrator.

Nontransferability. Neither this Award nor any rights with respect thereto may be sold, assigned, transferred (other than by will or the laws of descent and distribution), pledged or otherwise encumbered, except as the Administrator may otherwise determine.

Effect on Employment Rights. This Award shall not confer upon you any right to continue as an employee of the Company or any of its subsidiaries or affiliates and shall not affect in any way the right of the Company or any subsidiary or affiliate of the Company to terminate your employment at any time. Further, any benefits you receive from the grant or vesting of your Award shall not be considered a component of your salary for any purpose, including, without limitation, any salary-related calculations for holiday, sick pay, termination payments, overtime or similar payments.

Provisions of the 2009 Plan. The terms specified in this Certificate are governed by the terms of the 2009 Plan, a copy of which has been provided to you. Information about the 2009 Plan is also included in the Prospectus for the 2009 Plan, a copy of which has also been provided to you. The Compensation Committee of Cabot's Board of Directors has the exclusive authority to interpret the 2009 Plan and this Award, including whether and to what extent the performance metrics outlined in Appendix A have been achieved. Any interpretation of the Award by the Committee and any decision made by it with respect to the Award are final and binding on all persons. To the extent there is a conflict between the terms of this Certificate, the 2009 Plan or any employment agreement between you and Cabot or any of its subsidiaries, the 2009 Plan shall govern.

Amendments. No amendment of any provision of this Certificate (other than an adjustment in the performance metrics set forth in Appendix A made in accordance with the terms herein, which shall not be deemed an amendment of this Certificate) shall be valid unless the same shall be in writing.

Governing Law. This Certificate shall be governed and construed by and determined in accordance with the laws of The Commonwealth of Massachusetts, without giving effect to any choice of law or conflict of law provision or rule (whether of The Commonwealth of Massachusetts or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than The Commonwealth of Massachusetts.

By signing below, you hereby accept your Award subject to the terms set forth herein and in the 2009 Plan, and expressly consent to the transfer to and use of your personal data by the Company or service providers of the Company or other third parties for the specific purposes of the 2009 Plan, even if the recipients of the data are located in countries that do not have data protection laws equivalent to those in force in your country. In addition, you understand that this Award is discretionary, and that eligibility for an award under the 2009 Plan is established at the time awards are made. Therefore, your receiving this Award does not mean that you are guaranteed an award in the future.

Agreed and Accepted:

By _____

Print Name:

Kindly sign, date and return this certificate to Cabot Corporation, Attention: _____, Compensation Department by hand delivery or mail, to 157 Concord Road, Billerica, MA 01821; or by fax to the HR Confidential Fax: _____.

CABOT CORPORATION
2009 LONG-TERM INCENTIVE PLAN

Stock Option Award Agreement

[Date]

Name
Location Name

This agreement evidences the grant to you by Cabot Corporation under Cabot's 2009 Long-Term Incentive Plan (as amended from time to time, the "2009 Plan") of a stock option to purchase, on the terms provided herein, the number of shares of common stock of Cabot set forth in the table below. The principal terms of your stock option are set forth in the table, and described in greater detail below.

Non-Qualified Stock Option	[OPTION AWARD]
Grant Date	[Date]
Exercise Price (Per Share)	[Exercise price]
Dates that Stock Option Vests and Becomes Exercisable	
Expiration Date	[Expiration date]

General Terms of your Stock Option. Your stock option gives you the right to purchase shares of common stock of Cabot at the per share exercise price, and subject to the vesting provisions, set forth above. This stock option is not intended to constitute an incentive stock option under Section 422 of the Internal Revenue Code, as amended.

Vesting and Duration of your Stock Option. As indicated in the table above, a portion of your award will vest, and become exercisable, on the first, second and third anniversaries of the date of grant. After your stock option vests, unless it is earlier terminated or forfeited, it is generally exercisable, in whole or in part, at any time prior to its expiration date. Your stock option has a ten-year term. The conditions under which your award may expire before its scheduled expiration date, such as if your employment with Cabot ends, are explained below. In addition, the exercise of your stock option may involve the sale of Cabot stock, and accordingly, **there may be limitations on when you can exercise your stock option under Cabot's Policy on Transactions in Securities, a copy of which is being provided to you with the Prospectus for the 2009 Plan.**

Circumstances that will lead to the termination of your stock option before the scheduled expiration date. If your employment with Cabot ends and you continue to hold unexercised stock options, the following rules will apply:

- Any unvested options outstanding immediately prior to the cessation of your employment will be forfeited (unless your employment terminates because of your death or Disability, as defined in the 2009 Plan, or Cabot, any successor entity or any of their respective Affiliates, terminates your employment within two years following a Change in Control other than for Cause or you terminate your employment for Good Reason within this same time period following a Change in Control as more fully described below).

- Any vested stock options outstanding immediately prior to the cessation of your employment, to the extent exercisable, will remain exercisable for three months after the date on which your employment ended or until the stated expiration date, if earlier.
- If your employment ceases because of your death or Disability, any outstanding unvested stock options will become exercisable in full upon such termination and all outstanding stock options will remain exercisable for three years following the date on which your employment ended or until the stated expiration date, if earlier.
- If, in connection with a Change in Control, your stock option is assumed by the acquirer or surviving entity in such transaction or substituted for an equivalent award by the acquirer or surviving entity as provided for in Section 7(a)(y)(i) of the 2009 Plan, and Cabot, any successor entity or any of their respective Affiliates, terminates your employment within two years following such Change in Control other than for Cause or you terminate your employment for Good Reason within this same time period following a Change in Control, any outstanding unvested stock options will become exercisable in full upon such termination and remain exercisable for three months following the date on which your employment ended or until the stated expiration date, if earlier.

Exercising your Stock Option. You may exercise your stock option by delivering to the Company's designated broker for stock option exercises (or to the Company in the event the Company does not have a designated broker for stock option exercises) a signed notice of exercise, in the form provided, with payment of the exercise price and any withholding taxes due upon exercise. The date the Company's designated broker (or the Company in the event the Company does not have a designated broker for stock option exercises) receives your signed notice of exercise will be the exercise date. You may also choose to exercise your stock options in a cashless exercise through the Company's designated broker (or your own broker if the Company does not have a designated broker for stock option exercises). A cashless exercise involves a sale of Cabot stock in the market, with the proceeds applied to the stock option exercise price and any withholding taxes due. In a cashless exercise transaction, the exercise will be deemed to have occurred when the shares are sold by the broker.

Payment of the Exercise Price. You may pay for the shares you are purchasing upon the exercise of your stock option in the following ways:

- your personal check, bank check or draft, a money order payable to the order of Cabot or by wire transfer of funds;
- a check, payable to the order of the Company from the Company's designated broker, or in the event the Company does not have a designated broker for stock option exercises, your own broker;
- by delivery to the Company of shares of Cabot common stock held by you for at least six months having a market value (at the close of business on the last business day preceding the date on which your completed and signed notice of exercise is sent or hand delivered to Cabot) equal in amount to the exercise price of the option being exercised, provided that (a) this method of payment is then permitted by applicable law and (b) the shares used to pay the exercise price are not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirement (a stock swap); or
- by any combination of the above permitted forms of payment.

For purposes of this award agreement, “Cause” means (i) your willful and continued failure to perform substantially your reasonably assigned duties with the Company or any successor entity or any of their respective Affiliates (other than any such failure resulting from your physical or mental incapacity or any such actual, alleged or anticipated failure after you issue a notice of termination for Good Reason) after a written demand for substantial performance is delivered to you by the Company which demand specifically identifies the manner in which the Company believes you have not substantially performed your duties; or (ii) your willfully engaging in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of this definition (i) no act, or failure to act, on your part shall be deemed “willful” unless done, or omitted to be done, by you not in good faith and without reasonable belief that your actions or omission was in the best interest of the Company and (ii) your good faith errors in judgment shall not constitute Cause or be considered in any determination of whether Cause exists.

For purposes of this award agreement, “Good Reason” means the occurrence after a Change in Control, without your prior written consent, of any of the following events or conditions:

(a) a change in your status, title, position or responsibilities (including reporting responsibilities) which represents a material adverse change from your status, title, position or responsibilities as in effect immediately prior thereto; the assignment to you of any duties or responsibilities which are materially inconsistent with your status, title, position or responsibilities; or your removal from or the failure to reappoint or reelect you to any of such offices or positions, except in connection with the termination of your employment for Disability, Cause, as a result of your death or by you other than for Good Reason;

(b) a reduction in the rate of your annual base salary or target annual cash bonus, or a material reduction in your total compensation;

(c) the relocation of the offices at which you are principally employed to a location more than twenty-five (25) miles from the location of such office immediately prior to the Change in Control, or the Company’s requiring you to be based at a location more than twenty-five (25) miles from such office, except to the extent you were not previously assigned to a principal location and except for required travel on the Company’s business to an extent substantially consistent with your business travel obligations at the time of the Change in Control;

(d) the failure by the Company to pay to you any portion of your then current base salary or annual cash bonus or any other compensation, or to pay to you any portion of an installment of deferred compensation under any deferred compensation program of the Company in which you participated, in each case, within fourteen (14) days of the date such compensation is due and payable in accordance with the terms of the applicable agreement or plan or applicable law; or

(e) any material reduction in the retirement or welfare benefits or other material benefit or compensation plan made available to you or any materially adverse change in the terms on which those benefits are made available.

In order for a termination for Good Reason to be effective, you must (a) provide notice to the Company specifying in reasonable detail the condition giving rise to the Good Reason no later than the one-hundred and eightieth (180th) day following the occurrence of that condition; (b) provide the Company a period of thirty (30) days to remedy the condition; and (c) terminate your employment for Good Reason within sixty (60) days following the expiration of the Company’s period to remedy if the Company fails to remedy the condition.

A cashless exercise involves the sale of Cabot stock in the market, and, therefore, must be completed in accordance with Cabot's Policy on Transactions in Securities. Please review the restrictions on trading contained in the Policy before making arrangements for a cashless exercise. Please note that the trading restrictions in Cabot's Policy on Transactions in Securities do not apply to transactions with the Company, such as the exercise of a stock option with your own funds or the surrender of shares in payment of the exercise price or in satisfaction of any tax withholding obligations, provided you do not sell the shares acquired while in possession of material nonpublic information or, if applicable to you, during a corporate blackout period.

Tax consequences of your Stock Option. The tax consequences of your stock option award are described in the Tax Information attached to this award agreement. If you are an employee in the U.S., withholding taxes will be deducted from the proceeds of your option exercise transaction unless other payment arrangements have been made. If you are a non-U.S. employee, the details of your options exercise transaction will be reported to your local Human Resources/Payroll office and funds may either be withheld from payroll or paid by you to satisfy any withholding obligation you may have.

No Employment Commitment; Rights as a Stockholder. The grant of this stock option does not confer any right to continued employment or service with Cabot. Further, you have no rights as a stockholder with respect to the shares subject to this option until the proper exercise of the option and the issuance of the shares with respect to which the option has been exercised.

Provisions of the 2009 Plan. The terms specified in this award agreement are governed by the terms of the 2009 Plan, a copy of which has been provided to you. Information about the 2009 Plan is also included in the Prospectus for the 2009 Plan, a copy of which has also been provided to you. The Compensation Committee of Cabot's Board of Directors has the exclusive authority to interpret this award and the 2009 Plan. Any interpretation of the award by the Committee and any decision made by it with respect to the award are final and binding on all persons. To the extent there is a conflict between the terms of this award agreement and the 2009 Plan, the 2009 Plan shall govern.

Additional Information. If you have any questions regarding your stock option or the exercise process, please contact HR Shared Services, 157 Concord Road, Billerica, MA 01821; Telephone (978-671-4139); HR Confidential Fax: _____.

Governing Law. This award agreement shall be governed by the laws of The Commonwealth of Massachusetts, without giving effect to any choice of law rule that would cause the application of the laws of any other jurisdiction.

By signing below, you hereby accept your award subject to the terms set forth in this award agreement and the related Tax Information, the 2009 Plan, the Prospectus for the 2009 Plan, and the other materials and documents provided to you in connection with your award, and expressly consent to the transfer to and use of your personal data by the Company or service providers of the Company or other third parties for the specific purposes of the 2009 Plan, even if the recipients of the data are located in countries that do not have data protection laws equivalent to those in force in your country. In addition, you understand that this Award is discretionary, and that eligibility for an award under the 2009 Plan is established at the time awards are made. Therefore, your receiving this Award does not mean that you are guaranteed an award in the future.

Kindly sign, date and return this agreement to Cabot Corporation, Attention: _____, Compensation Department by hand delivery or mail, to 157 Concord Road, Billerica, MA 01821; or by fax to the HR Confidential Fax:_____.

IN WITNESS WHEREOF, the Company has caused this stock option to be executed by its duly authorized officer.

CABOT CORPORATION

By: _____

_____

Name:
Date:

EXHIBIT 18.1

August 6, 2012

Cabot Corporation
Two Seaport Lane
Boston, Massachusetts

Dear Sirs/Madams:

At your request, we have read the description included in your Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the quarter ended June 30, 2012, of the facts relating to the change in the annual goodwill impairment testing date from March 31 to May 31. We believe, on the basis of the facts so set forth and other information furnished to us by appropriate officials of the Company, that the accounting change described in your Form 10-Q is to an alternative accounting principle that is preferable under the circumstances.

We have not audited any consolidated financial statements of Cabot Corporation and its consolidated subsidiaries as of any date or for any period subsequent to September 30, 2011. Therefore, we are unable to express, and we do not express, an opinion on the facts set forth in the above-mentioned Form 10-Q, on the related information furnished to us by officials of the Company, or on the financial position, results of operations, or cash flows of Cabot Corporation and its consolidated subsidiaries as of any date or for any period subsequent to September 30, 2011.

Yours truly,

/s/ Deloitte & Touche LLP

Boston, Massachusetts

EXHIBIT 31.1

Principal Executive Officer Certification

I, Patrick M. Prevost, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cabot Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2012

/s/ Patrick M. Prevost

Patrick M. Prevost
President and Chief Executive Officer

EXHIBIT 31.2

Principal Financial Officer Certification

I, Eduardo E. Cordeiro, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cabot Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2012

/s/ Eduardo E. Cordeiro

Eduardo E. Cordeiro

Executive Vice President and Chief Financial Officer

EXHIBIT 32

Certifications Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002

In connection with the filing of the Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 (the "Report") by Cabot Corporation (the "Company"), each of the undersigned hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

1. The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PATRICK M. PREVOST

Patrick M. Prevost
President and Chief Executive Officer
August 6, 2012

/s/ EDUARDO E. CORDEIRO

Eduardo E. Cordeiro
Executive Vice President and
Chief Financial Officer
August 6, 2012