FORM 10-Q

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

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended

MARCH 31, 1999

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.)
75 STATE STREET	02109-1806
BOSTON, MASSACHUSETTS	(Zip Code)
(Address of principal executive offices)	

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, and (2) has been subject to such filing requirements for the past 90 days.

YES X 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 MAY 07, 1999, THE COMPANY HAD 66,509,978 SHARES OF COMMON STOCK, PAR VALUE $1 PER SHARE, OUTSTANDING.

CABOT CORPORATION

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PART I. FINANCIAL INFORMATION
ITEM 1.

CABOT CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Three Months Ended March 31

(Dollars in millions, except per share amounts)

UNAUDITED

	1999	1998
Revenues:		
Net sales and other operating revenues	$ 435.8	$ 457.0
Interest and dividend income	0.9	1.7
Total revenues	436.7	458.7
Costs and expenses:		
Cost of sales	304.6	312.5
Selling and administrative expenses	56.7	56.5
Research and technical service	18.8	20.4
Interest expense	12.1	11.1
Gain on sale of equity securities (Note G)	(4.6)	-
Other charges, net	1.8	4.6
Total costs and expenses	389.4	405.1
Income before income taxes	47.3	53.6
Provision for income taxes	(17.0)	(19.3)
Equity in net income of affiliated companies	3.5	4.0
Minority interest in income	(0.6)	(0.8)
Net income	33.2	37.5
Dividends on preferred stock, net of tax benefit of $0.5 and $0.5	(0.7)	(0.8)
Income applicable to common shares	$ 32.5	$ 36.7
Weighted average common shares outstanding (Note I):		
Basic	64.0	65.6
Diluted	72.8	74.6
Income per common share (Note I):		
Basic	$ 0.51	$ 0.56
Diluted	$ 0.45	$ 0.50
Dividends per common share	$ 0.11	$ 0.10

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

CABOT CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Six Months Ended March 31

(Dollars in millions, except per share amounts)

UNAUDITED

	1999	1998
Revenues:		
Net sales and other operating revenues	$ 844.8	$ 892.4
Interest and dividend income	2.2	3.3
Total revenues	847.0	895.7
Costs and expenses:		
Cost of sales	577.4	614.7
Selling and administrative expenses	115.1	112.4
Research and technical service	38.3	39.2
Interest expense	23.0	22.5
Gain on sale of equity securities (Note G)	(4.6)	-
Other charges, net	2.5	8.0
Total costs and expenses	751.7	796.8
Income before income taxes	95.3	98.9
Provision for income taxes	(34.3)	(35.6)
Equity in net income of affiliated companies	5.5	7.0
Minority interest in income	(1.5)	(1.4)
Net income	65.0	68.9
Dividends on preferred stock, net of tax benefit of $1.0 and $1.0	(1.5)	(1.6)
Income applicable to common shares	$ 63.5	$ 67.3
Weighted average common shares outstanding (Note I):		
Basic	64.3	65.9
Diluted	73.1	74.9
Income per common share (Note I):		
Basic	$ 0.99	$ 1.02
Diluted	$ 0.88	$ 0.91
Dividends per common share	$ 0.22	$ 0.20

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

CABOT CORPORATION
CONSOLIDATED BALANCE SHEETS
March 31, 1999 and September 30, 1998

(Dollars in millions, except share amounts)

ASSETS

	March 31 1999 (Unaudited)	September 30 1998
Current assets:		
Cash and cash equivalents	$ 13.0	$ 39.6
Accounts and notes receivable (net of reserve for doubtful accounts of $4.6 and $4.6)	324.4	284.3
Inventories:		
Raw materials	85.5	68.2
Work in process	61.4	62.9
Finished goods	87.9	76.1
Other	49.1	43.9
Total inventories	283.9	251.1
Prepaid expenses	23.1	26.1
Deferred income taxes	15.5	17.8
Total current assets	659.9	618.9
Investments:		
Equity (Note B)	81.2	91.1
Other (Note G)	56.0	72.5
Total investments	137.2	163.6
Property, plant and equipment	1,970.0	1,914.3
Accumulated depreciation and amortization	(965.9)	(936.3)
Net property, plant and equipment	1,004.1	978.0
Other assets:		
Intangible assets, net of amortization	23.3	24.2
Deferred income taxes	3.9	3.9
Other assets	18.5	16.6
Total other assets	45.7	44.7
Total assets	$1,846.9	$1,805.2

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

CABOT CORPORATION
CONSOLIDATED BALANCE SHEETS
March 31, 1999 and September 30, 1998

(Dollars in millions, except share amounts)

LIABILITIES & STOCKHOLDERS' EQUITY

	March 31 1999 (Unaudited)	September 30 1998
Current liabilities:		
Notes payable to banks	$ 235.4	$ 253.3
Current portion of long-term debt	11.3	11.4
Accounts payable and accrued liabilities	218.2	268.2
U.S. and foreign income taxes payable	7.3	0.4
Deferred income taxes	3.0	3.0
Total current liabilities	475.2	536.3
Long-term debt	423.7	316.3
Deferred income taxes	71.4	82.4
Other liabilities	150.8	139.6
Commitments and contingencies (Notes F and H)	-	-
Minority interest	30.7	25.1
Stockholders' Equity (Note J):		
Preferred Stock:		
Authorized: 2,000,000 shares of $1 par value		
Series A Junior Participating Preferred Stock Issued and outstanding: none		
Series B ESOP Convertible Preferred Stock 7.75% Cumulative Issued: 75,336 shares (aggregate redemption value of $66.1 and $67.4)	75.3	75.3
Less cost of preferred treasury stock	(15.4)	(13.6)
Common stock:		
Authorized: 200,000,000 shares of $1 par value		
Issued: 66,400,811 and 67,241,624 shares	66.4	67.2
Additional paid-in capital	-	4.9
Retained earnings	701.1	671.7
Unearned compensation	(19.9)	(26.2)
Deferred employee benefits	(59.6)	(60.6)
Accumulated other comprehensive loss (Note C)	(52.8)	(13.2)
Total stockholders' equity	695.1	705.5
Total liabilities and stockholders' equity	$1,846.9	$1,805.2

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

CABOT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Six Months Ended March 31, 1999 and 1998

(Dollars in millions)

UNAUDITED

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 65.0	$ 68.9
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	61.5	57.6
Deferred tax benefit	(3.1)	(0.6)
Equity in income of affiliated companies, net of dividends received	(4.4)	(4.2)
Gain on sale of equity securities	(4.6)	-
Other, net	6.4	7.6
Changes in assets and liabilities, net of the effect of acquisitions and the consolidation of equity affiliates:		
Increase in accounts receivable	(38.4)	(50.3)
Decrease (increase) in inventory	(33.0)	7.9
Increase in prepayments and intangible assets	(0.7)	(22.8)
Increase (decrease) in accounts payable and accruals	(48.1)	4.7
Increase in income taxes payable	7.7	10.5
Increase (decrease) in other liabilities	10.6	(0.3)
Other, net	(0.8)	(1.0)
Cash provided by operating activities	18.1	78.0
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(80.3)	(70.6)
Investments and acquisitions	(5.2)	(27.3)
Proceeds from sale of equity securities	9.4	-
Cash from consolidation of equity affiliates and other	7.9	2.4
Cash used in investing activities	(68.2)	(95.5)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	102.5	63.1
Repayments of long-term debt	(7.9)	(121.8)
Increase (decrease) in short-term debt	(25.9)	137.7
Purchases of preferred and common stock	(30.3)	(50.1)
Sales and issuances of preferred and common stock	3.5	3.6
Cash dividends paid to stockholders	(16.2)	(15.1)
Cash provided by financing activities	25.7	17.4
Effect of exchange rate changes on cash	(2.2)	-
Decrease in cash and cash equivalents	(26.6)	(0.1)
Cash and cash equivalents at beginning of period	39.6	39.2
Cash and cash equivalents at end of period	$ 13.0	$ 39.1

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

CABOT CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
Six Months Ended March 31, 1999

(Dollars in millions)

	Preferred Stock	Preferred Treasury Stock	Common Stock	Additional Paid-in Capital
Balance at September 30, 1998:	$ 75.3	$ (13.6)	$67.2	$ 4.9
Net income				
Common dividends paid				
Issuance of stock under employee compensation plans			0.1	2.0
Issuance of common stock to Cabot Retirement Incentive Savings Plan			0.1	1.2
Purchase and retirement of common stock			(1.0)	(8.1)
Purchase of treasury stock - preferred		(1.8)		
Preferred dividends paid to Employee Stock Ownership Plan, net of tax				
Principal payment by Employee Stock Ownership Plan under guaranteed loan				
Amortization of unearned compensation				
Change in unrealized loss on available-for-sale securities, net of deferred tax of $5.0				
Foreign currency translation adjustments				
Balance at March 31, 1999	$ 75.3	$ (15.4)	$66.4	$ 0.0

	Retained Earnings	Unearned Compensation	Deferred Employee Benefits	Accumulated Other Comprehensive Loss	Comprehensive Income (Note C)
Balance at September 30, 1998:	$671.7	$ (26.2)	$ (60.6)	$ (13.2)	
Net income	65.0				$ 65.0
Common dividends paid	(14.7)				
Issuance of stock under employee compensation plans		0.1			
Issuance of common stock to Cabot Retirement Incentive Savings Plan					
Purchase and retirement of common stock	(19.4)				
Purchase of treasury stock - preferred					
Preferred dividends paid to Employee Stock Ownership Plan, net of tax	(1.5)				
Principal payment by Employee Stock Ownership Plan under guaranteed loan			1.0		
Amortization of unearned compensation		6.2			
Change in unrealized loss on available-for-sale securities, net of deferred tax of $5.0				(10.4)	(10.4)
Foreign currency translation adjustments				(29.2)	(29.2)
Balance at March 31, 1999	$701.1	$ (19.9)	$ (59.6)	$ (52.8)	$ 25.4

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

CABOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1999

A. BASIS OF PRESENTATION

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

The 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 the Company's Form 10-K for the year ended September 30, 1998.

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 March 31, 1999 and 1998. 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.

B. BUSINESS DEVELOPMENTS

On November 14, 1995, the Company modified its existing joint venture agreement for its carbon black venture in Shanghai, China. This amendment provided for the expansion of the facility and the increase of the Company's ownership interest to 70%, to take effect as the expansion is funded. As of October 1, 1998 the Company began accounting for this venture on a consolidated basis.

C. COMPREHENSIVE INCOME

As of October 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS No. 130"). The adoption of this Statement had no impact on net income or stockholders' equity. SFAS No. 130 establishes new rules for the reporting and display of comprehensive income and its components. Accumulated Other Comprehensive Income (Loss), which is disclosed in the stockholders' equity section of the consolidated balance sheet, includes unrealized gains or losses on available-for-sale securities and translation adjustments on investments in foreign subsidiaries. Prior to the adoption of SFAS No. 130, the Company reported such unrealized gains or losses and translation adjustments separately in the stockholders' equity section of the consolidated balance sheet. Amounts in the prior year financial statements have been reclassified to conform to SFAS No. 130.

CABOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
March 31, 1999

D. SEGMENTS OF AN ENTERPRISE

In June 1997, the Financial Accounting Standards Board ("FASB") issued a new Statement, SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", which establishes new requirements for the reporting of segment information by public companies. It supersedes SFAS No. 14, Financial Reporting for Segments of a Business Enterprise, and is effective for the annual financial statements of fiscal years beginning after December 15, 1997. The new framework for segment reporting is referred to as the management approach. It is intended to give analysts and other financial-statement users a view of the company "through the eyes of management", by looking to a company's internal management reporting structure as the basis for determining the company's external segments, as well as the basis for determining the information that is to be disclosed for those segments. The Company is currently assessing the impact this Statement will have on the consolidated financial statements.

E. RECLASSIFICATION

Certain amounts were reclassified in fiscal year 1998 to reflect changes in the Company's organization during the year.

F. CONTINGENCIES

The Company is a defendant, or potentially responsible party, in various lawsuits and environmental proceedings wherein substantial amounts are claimed or at issue. In the opinion of the Company, although final disposition of all of its suits and claims may impact the Company's financial statements in a particular period, they should not, in the aggregate, have a material adverse effect on the Company's financial position.

G. INVESTMENTS

During the second quarter the Company sold .5 million shares of its investment in K N Energy, Inc. The Company received cash proceeds of $9.4 million and recorded a gain of $4.6 million related to the sale.

H. LEASE COMMITMENTS

During the second quarter the Company entered into a non-cancelable lease agreement for its corporate offices in Boston, Massachusetts expiring in September, 2015. This contract results in additional future minimum rental commitments under the non-cancelable lease as follows: (dollars in millions)

2000	$ 0.4
2001	5.0
2002	5.2
2003	5.2
2004 and thereafter	64.4
	$80.2

The Company is currently evaluating opportunities for the existing facility lease that expires in 2001.

CABOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
March 31, 1999
UNAUDITED

I. EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") were calculated for the three months ended March 31, 1999 and 1998 as follows (dollars in millions, except per share amounts):

	1999	1998
BASIC EPS		
Income available to common shares (numerator)	$ 32.5	$ 36.7
Weighted-average common shares outstanding	66.5	67.8
Less: Contingently issuable shares	(2.5)	(2.2)
Adjusted weighted-average shares (denominator)	64.0	65.6
Basic EPS	$ 0.51	$ 0.56
DILUTED EPS		
Income available to common shares	$ 32.5	$ 36.7
Dividends on preferred stock	0.7	0.8
Less: Income effect of assumed conversion of preferred stock	(0.4)	(0.5)
Income available to common shares plus assumed conversions (numerator)	$ 32.8	$ 37.0
Weighted-average common shares outstanding	66.5	67.8
Effect of dilutive securities: Stock-based compensation (1)	6.3	6.8
Adjusted weighted-average shares (denominator)	72.8	74.6
Diluted EPS	$ 0.45	$ 0.50

(1) Options to purchase 0.3 million shares of common stock were outstanding at March 31, 1999, but were not included in the computation of diluted EPS because the options' exercise price was greater than the average market price of the common shares.

CABOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
March 31, 1999
UNAUDITED

I. EARNINGS PER SHARE (CONTINUED)

Basic and diluted earnings per share ("EPS") were calculated for the six months ended March 31, 1999 and 1998 as follows (dollars in millions, except per share amounts):

	1999	1998
BASIC EPS		
Income available to common shares (numerator)	$ 63.5	$ 67.3
Weighted-average common shares outstanding	66.8	68.1
Less: Contingently issuable shares	(2.5)	(2.2)
Adjusted weighted-average shares (denominator)	64.3	65.9
Basic EPS	$ 0.99	$ 1.02
DILUTED EPS		
Income available to common shares	$ 63.5	$ 67.3
Dividends on preferred stock	1.5	1.6
Less: Income effect of assumed conversion of preferred stock	(0.8)	(0.8)
Income available to common shares plus assumed conversions (numerator)	$ 64.2	$ 68.1
Weighted-average common shares outstanding	66.8	68.1
Effect of dilutive securities: Stock-based compensation (1)	6.3	6.8
Adjusted weighted-average shares (denominator)	73.1	74.9
Diluted EPS	$ 0.88	$ 0.91

(1) Options to purchase 0.3 million shares of common stock were outstanding at March 31, 1999, but were not included in the computation of diluted EPS because the options' exercise price was greater than the average market price of the common shares.

CABOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
March 31, 1999
UNAUDITED

J. SHARES OF STOCK

The following table summarizes the changes in shares of stock for the three months ended March 31, 1999 (preferred shares in thousands and common shares in millions):

	1999
PREFERRED STOCK	
Balance at December 31, 1998	75.3
Balance at March 31, 1999	75.3
PREFERRED TREASURY STOCK	
Balance at December 31, 1998	8.8
Purchased preferred treasury stock	0.5
Balance at March 31, 1999	9.3
COMMON STOCK	
Balance at December 31, 1998	66.4
Issued common stock	0.1
Purchased and retired common stock	(0.1)
Balance at March 31, 1999	66.4

CABOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
March 31, 1999
UNAUDITED

J. SHARES OF STOCK (CONTINUED)

The following table summarizes the changes in shares of stock for the six months ended March 31, 1999 (preferred shares in thousands and common shares in millions):

	1999
PREFERRED STOCK	
Balance at September 30, 1998	75.3
Balance at March 31, 1999	75.3
PREFERRED TREASURY STOCK	
Balance at September 30, 1998	8.5
Purchased preferred treasury stock	0.8
Balance at March 31, 1999	9.3
COMMON STOCK	
Balance at September 30, 1998	67.2
Issued common stock	0.2
Purchased and retired common stock	(1.0)
Balance at March 31, 1999	66.4

CABOT CORPORATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

RESULTS OF OPERATIONS

Sales and operating profit by industry segment are shown in the accompanying table on page 20.

THREE MONTHS ENDED MARCH 31, 1999 VERSUS
THREE MONTHS ENDED MARCH 31, 1998

Unless indicated otherwise, financial comparisons in the following text are for the quarter ended March 31, 1999 versus the quarter ended March 31, 1998.

Net income for the second quarter of fiscal year 1999 was $33.2 million ($0.45 per diluted common share), compared with $37.5 million ($0.50 per diluted common share) in the same quarter a year ago. The quarter just ended included a $0.04 per diluted share gain from the sale of investments in equity securities. Net sales and other operating revenues decreased 5% to $435.8 million from last year's $457.0 million. Operating profit was $61.7 million for the quarter compared to $73.4 million in the same quarter a year ago. Significantly lower natural gas prices and the effect of Brazil's economic turmoil largely drove the decrease in earnings. To a lesser extent, earnings were affected by volume declines and continued price pressure in several of the Company's traditional chemical markets.

In the Specialty Chemicals and Materials Group, sales for the second quarter of fiscal 1999 decreased 7% to $347.9 million from $372.5 million. Overall volumes in the Company's chemical businesses decreased 4% for the quarter. The reduction in revenue also reflects lower year-to-year carbon black selling prices. Operating profit for the Specialty Chemicals and Materials Group decreased 12% to $54.4 million from $62.0 million. The decrease was primarily the result of lower earnings in the Company's carbon black business. The Company's fumed silica, plastics, and performance materials businesses also reported lower operating profit for the quarter. The performance of the Company's new chemical businesses (microelectronics materials ("MMD"), inkjet colorants and specialty fluids), however, contributed favorably to earnings compared to the second quarter of 1998.

The Company's CARBON BLACK business reported a decrease in operating profit of approximately $6 million. The shortfall was caused primarily by the economic difficulty within the Brazilian market. The dramatic depreciation of the Brazilian Real and reduced volumes in the South American region negatively impacted results for the quarter. In addition, the effects of significantly lower feedstock costs were offset by lower year-to-year carbon black selling prices. Overall volumes in the Company's carbon black business were 1% lower than the second quarter of 1998. Volumes in the tire and special blacks markets were about flat. However, volumes decreased 8% in the industrial products business as the Company sacrificed some volumes by retaining pricing discipline in a price competitive environment.

The FUMED SILICA business reported a decrease in operating profit of approximately $3 million caused primarily by lower demand in the Company's base business volumes. A softening of the silicone rubber markets largely caused the reduction. Volumes in the second quarter were down 10%.

The PERFORMANCE MATERIALS business reported a decrease in operating profit of approximately $1 million. Inventory adjustments at the Company's capacitor manufacturing customers caused a 50% decrease in tantalum powder volumes in the quarter. The effects of decreased powder volumes were somewhat mitigated by improved pricing for the business's intermediate products. Powder volumes rebounded somewhat during April. Cost reduction efforts, improved volumes and margins in the business's intermediate products and greater powder volumes are expected to cause a strong second half of the fiscal year in this business.

CABOT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

The Company's PLASTICS business reported a $2 million shortfall in operating profit in the quarter on flat volumes, compared with last year's second quarter. The decline is primarily due to product mix changes and year-to-year selling price erosion. Overcapacity has caused severe pricing pressure in the European plastics market in which the Company does business.

The Company's new chemical businesses contributed over $4 million of increased operating profit in the second quarter. A large portion of the increase was driven by the Company's MMD business, which reported a 55% increase in revenue. This business reported higher average prices and margins mainly due to improved product mix and increased capacity utilization. The INKJET COLORANTS and SPECIALTY FLUIDS businesses contributed incrementally to earnings by reducing operating losses.

Research and technical expenses were $18.8 million for the second quarter of 1999 versus $20.4 million for the second quarter of 1998. The decrease reflects a reduction in spending in the Company's carbon black business, offset somewhat by an increase in spending in MMD and fumed silica new product development programs. The Company continues to pursue and is encouraged by progress made in several of its new product and new business initiatives, although progress to date on some of the Company's initiatives has been slower than expected. The Company's objective of developing higher value, differentiated products and creating new businesses is central to its strategy for generating earnings growth.

In the ENERGY GROUP, which is comprised of the liquefied natural gas importation and distribution operations, sales for the second quarter increased to $87.9 million from $84.5 million for the same quarter a year ago. The Group's operating profit was $7.3 million, compared with $11.4 million in the second quarter of 1998. The decrease in operating profit was attributable to significantly lower year-to-year natural gas prices, partially offset by 30% greater volumes in the quarter.

The Company's effective tax rate was 36% for the quarters ended March 31, 1999 and 1998.

SIX MONTHS ENDED MARCH 31, 1999 VERSUS
SIX MONTHS ENDED MARCH 31, 1998

Unless indicated otherwise, financial comparisons in the following text are for the six-month period ended March 31, 1999 versus the six month period ended March 31, 1998.

Net income for the first six months of fiscal 1999 was $65.0 million compared with $68.9 million for the first half of fiscal 1998. Operating profit decreased 5% to $130.1 million from $136.3 million.

In the Specialty Chemicals and Materials Group, revenues decreased 4% to $702.8 million from $735.1 million. The reduction in revenue reflects softened demand and increased competitive pricing in several of the Company's market segments. Operating profits increased 5% to $119.5 million from $113.5 million. The improvement in operating profit was driven primarily by significantly lower year-to-year carbon black feedstock costs. However, competitive price pressure, particularly in the Company's carbon black business, drove average selling prices down as the year progressed. In the second quarter, lower year-to-year carbon black selling prices offset the benefit of lower feedstock costs. Profit improvement in the Company's new businesses contributed incrementally to earnings, particularly the Company's MMD business, which continues to perform well within the high growth chemical mechanical planarization (CMP) market.

Other charges, net, decreased from $8.0 million to $2.5 million for the six months ended March 31, 1998 and 1999, respectively. The decrease was primarily a reduction in foreign currency exchange losses. Results in fiscal 1998 included the effects of a strengthened U.S. dollar and significant devaluation of the Indonesian rupiah.

In the Company's Energy Group, revenues decreased 10% to $142.0 million from $157.3 million and operating profits decreased 54% to $10.6 million from $22.8 million in the same period a year ago. The decrease in operating profit was attributable to the combination of warmer than normal weather and weak natural gas prices. Average gas selling prices decreased approximately 19% year-over-year. Offsetting weak prices was an increase in volumes equivalent to two additional cargos for the first six months of the year. Additionally, the first quarter earnings in 1998 included a $3.2 million contract revenue payment from the signing of a long-term gas supply contract.

CABOT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Certain conditions that negatively impacted the Company's earnings in the first six months of the year improved toward the end of March. The Brazilian Real and South American carbon black market have shown some recent recovery. In addition, natural gas futures prices indicate that next year, given a greater and more predictable supply, the LNG business should contribute significantly to earnings. In contrast, recent increases in carbon black feedstock prices will present near term challenges given the current pricing environment in several of the Company's carbon black markets. Continuing cost reduction efforts are expected to mitigate a portion of any margin squeeze.

The Company's chemical industry customers are consolidating and shifting production to lower cost locations. In turn, the Company is beginning the process of evaluating production capacity, including the current deployment of productive assets across some of the chemical businesses, and other cost reduction initiatives. Various courses of action are currently being identified.

CASH FLOWS AND LIQUIDITY

During the first six months of the year, the Company's operations provided $18.1 million of cash compared to $78.0 million last year. The change year-to-year is primarily due to increased working capital needs.

Capital spending for the first six months of the year was $85.5 million. The Company plans to make approximately $200 million of capital expenditures during the fiscal year. The major components of the 1999 capital program include new business expansion and normal plant operating capital projects, the Company's equity share of a natural gas liquefaction project in Trinidad, refurbishment of the Company's LNG tanker, and capacity expansion in the Company's fumed silica and MMD businesses.

On September 11, 1998, the Company's Board of Directors authorized the repurchase of 4.0 million shares of the Company's common stock, superseding prior authorizations. During the first six months of the year, the Company purchased approximately 1.0 million shares of common stock. At March 31, 1999, approximately 2.3 million shares remained under the September 1998 repurchase authorization.

The Company's ratio of total debt (including short-term debt net of cash) to capital increased from 43% at September 30, 1998 to 48% at the end of the second quarter of fiscal year 1999.

On September 29, 1998, the Company filed a shelf registration statement with the Securities and Exchange Commission ("SEC") for up to $500 million of debt securities that the Company may issue from time to time. The SEC declared the registration statement effective on October 13, 1998.

In December 1998, the Company issued $100 million of medium-term notes. The notes mature as follows: $40 million in 2 years, $30 million in 7 years and $30 million in 20 years. The notes have a weighted average interest rate of 6.6%. Proceeds from the issuance were used to reduce short-term debt.

The Company maintains a credit agreement under which it may borrow up to $300 million at floating rates. The facility is available through January 3, 2002. The Company had no borrowings outstanding under this agreement at March 31, 1999. Management expects cash from operations and present financing arrangements, including the Company's unused line of credit and shelf registration, to be sufficient to meet the Company's cash requirements for the foreseeable future.

CABOT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION and RESULTS OF OPERATIONS (CONTINUED)

YEAR 2000 READINESS DISCLOSURE

The Company's Year 2000 plan has three key areas of focus and is overseen by an Executive Steering Committee. A Program Management Office has been established to coordinate the Year 2000 efforts with regional teams in Asia Pacific, Europe, North America and South America. These teams have been in place and working for more than a year. The Company's Year 2000 efforts are proceeding on schedule.

1. The first key area of focus is the Company's core business systems software, PC hardware and desktop software, and manufacturing plant devices and software. The Company's plan with respect to this area includes the inventory of all core business systems software, PC hardware and desktop software, and plant devices and software that have clocking devices or computer codes that will be impacted by the change of date to Year 2000; assessment for priority as to mission critical systems; upgrading or replacing such hardware and software as required; testing and placing into an operational state; and developing contingency plans. The current status and plans for each component of this area are as follows:

    - Core Business Systems: This component includes all software and hardware systems that record relevant data for business operations and summarize revenue, cost, cash flows, capital, and other information. The Company has completed the inventory and assessment of core business systems. The Company's assessment indicates that as a result of investments in significant global business system renewals during the past several years, as well as ongoing efforts, the Company's core business systems are expected to be Year 2000 ready. Current global business system renewal projects are progressing as expected. These projects include the rollout of AspenTech's manufacturing production support systems, the migration of the Company's Asia Pacific and plastics manufacturing facilities to JDEdwards software, and the migration of the Company's European facilities to the JDEdwards and Marcam suites of business software. The upgrade to PeopleSoft Human Resources/Payroll in North America is now complete. Testing of all core business systems is expected to occur during the third quarter of fiscal year 1999.

    - PC Hardware and Desktop Software: The Company has completed the inventory, assessment, and testing phases for its PC hardware. Replacement or repair of desktop hardware and mission critical software is ongoing and expected to be completed in the third quarter of fiscal year 1999.

    - Manufacturing Plant Devices and Software: The Company completed the inventory and assessments of plant embedded devices and software during the second quarter of fiscal year 1999. Replacement or repair of plant devices and software is ongoing and expected to be completed in the third quarter of fiscal year 1999. Final testing in all manufacturing facilities is expected to be completed during normal plant shutdowns by the end of the fourth quarter of fiscal year 1999.

2. The second key area of focus is the Company's suppliers. This includes identifying key suppliers whose supply disruption could have an adverse impact on the Company's ability to produce and ship product, working with these suppliers to decrease the chances supply will be disrupted, identifying alternative sources or contingency plans as needed, and attempting to obtain written assurances that purchased products and services are Year 2000 compliant. Even in cases where the Company has received assurances that delays or disruption will not be encountered by third parties, the Company is not in a position to determine with

CABOT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

certainty whether the assurances will prove accurate, given the uncertainties associated with the Year 2000. The current status and plans for this area are as follows:

- Key suppliers are being identified. Letters and questionnaires are being sent to those suppliers and review of their responses is expected to be completed in the third quarter of fiscal year 1999. The development of contingency plans is expected to be completed in the fourth quarter of fiscal year 1999.

3. The final area of key focus is internal and external communications, and includes ongoing status reporting to the Company's management, coordinated responses to external customer requests for information on the Company's Year 2000 status, and timely delivery of information on Year 2000 to Company employees worldwide. The current status and plans for this area are as follows:

   - An internal status reporting mechanism is in place. Coordinated responses are being delivered to key customers. An employee awareness program will continue throughout 1999.

Overall, the Company has established a goal to complete most activities related to mission critical core business systems, PC hardware and desktop software, and plant devices and software by June 30, 1999. Testing at some manufacturing facilities will occur during plant shutdowns in the fourth quarter of fiscal year 1999. Work with suppliers, contingency planning and ongoing communications will continue throughout fiscal year 1999, with periodic reviews to be scheduled through the millennium date change.

The Company does not believe that the cost of implementing system and program changes necessary to address Year 2000 issues will have a material effect on the Company's results of operations or financial condition. The Company has identified Year 2000 expenses as costs incurred specifically to modify hardware or software to be Year 2000 compliant where such modifications do not add any other functionality. The vast majority of the Company's projects currently in progress are considered to be part of the Company's ongoing global business system renewal initiatives. The Company recognizes that a benefit of these initiatives will be Year 2000 compliance. However, these initiatives were not undertaken primarily for Year 2000 compliance and therefore are not treated as Year 2000 costs. The Year 2000 compliance effort is being supported by a reallocation of existing information technology and human resources. The Company does not specifically track all costs associated with employees working on Year 2000 projects. The Company expects to spend approximately $2 million during fiscal year 1999 on direct Year 2000 remediation efforts in addition to the global business system renewal efforts. There can be no assurance that there will not be increased costs associated with the implementation of such changes.

The above plans and status represent the Company's expectations based on current Year 2000 plans and work progress. However, there is no assurance that such expectations will be realized. While the Company believes that prudent steps have been taken to assure that there is an effective program, the Company cannot guarantee that the plans and funds expended will correct all Year 2000 errors or that the information systems will not generate Year 2000 errors when operating with third party computer systems or data.

The Company cannot predict reliably the source, nature, or extent of any Year 2000 disruptions that may be experienced in the U.S. or other countries where it operates and, therefore, cannot predict reliably the effect any such disruptions may have on the Company, its operations or financial condition. The Company does not know what is the most likely "worse case scenario" as a result of Year 2000 disruptions, but believes that the effects on the Company are not substantially different from those facing industry generally. The Company believes that the most likely causes of disruption are one or more of the following: disruptions in the banking system, disruptions in the supply of electricity to the Company's plants that could delay production of the Company's products, and disruptions in transportation services that could delay shipments from the Company's suppliers or to the Company's customers. In addition, the Company does not know whether any of its customers will experience Year 2000

CABOT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

disruptions, either directly or as a result of disruptions in their customers' businesses or in the economy generally, but any such disruptions might reduce demand for the Company's products and adversely affect the Company. At this time, however, the Company believes that if none of the third parties with which it deals, directly or indirectly, experience disruptions or delays related to the Year 2000 problem, it will be able to continue to operate with little or no disruption or delay.

(Dollars in millions, except per share amounts)

UNAUDITED

	THREE MONTHS ENDED MARCH 31		SIX MONTHS ENDED MARCH 31	
	1999	1998	1999	1998
INDUSTRY SEGMENT DATA				
Net Sales:				
Specialty chemicals and materials	$ 347.9	$ 372.5	$ 702.8	$ 735.1
Energy	87.9	84.5	142.0	157.3
Net sales	$ 435.8	$ 457.0	$ 844.8	$ 892.4
Operating profit:				
Specialty chemicals and materials	$ 54.4	$ 62.0	$ 119.5	$ 113.5
Energy	7.3	11.4	10.6	22.8
Total operating profit	$ 61.7	$ 73.4	$ 130.1	$ 136.3
Interest expense	(12.1)	(11.1)	(23.0)	(22.5)
Gain on sale of equity securities	4.6	-	4.6	-
General corporate/other expenses	(6.9)	(8.7)	(16.4)	(14.9)
Income before income taxes	47.3	53.6	95.3	98.9
Provision for income taxes	(17.0)	(19.3)	(34.3)	(35.6)
Equity in net income of affiliated companies	3.5	4.0	5.5	7.0
Minority interest in income	(0.6)	(0.8)	(1.5)	(1.4)
Net income	33.2	37.5	65.0	68.9
Dividends on preferred stock	(0.7)	(0.8)	(1.5)	(1.6)
Income applicable to common shares	$ 32.5	$ 36.7	$ 63.5	$ 67.3
Income per common share:				
Basic	$ 0.51	$ 0.56	$ 0.99	$ 1.02
Diluted	$ 0.45	$ 0.50	$ 0.88	$ 0.91

FORWARD-LOOKING INFORMATION: Included herein are statements relating to management's projections of future profits, the possible achievement of the Company's financial goals and objectives, management's expectations for the Company's product development program, and Year 2000 risks. Actual results may differ materially from the results anticipated in the statements included herein due to a variety of factors including market supply and demand conditions, fluctuations in currency exchange rates, cost of raw materials, patent rights of others, Year 2000 disruptions, demand for the Company's customers' products and competitors' reactions to market conditions. Timely commercialization of products under development by the Company may be disrupted or delayed by technical difficulties, market acceptance or competitors' new products, as well as difficulties in moving from the experimental stage to the production stage.

PART II. OTHER INFORMATION

ITEM 3. LEGAL PROCEEDINGS.

Environmental Proceedings

In January 1999, the Direction Regionale de L'Industrie, de la Recherche et de L'Environment (the "DRIRE") notified Cabot France, S.A., a French subsidiary of Cabot Corporation, that the DRIRE was investigating groundwater pollution in the Montee des Pins area where Cabot France S.A.'s carbon black plant in Berre l'Etang, France is located. The DRIRE convened meetings of various industries in the area and asked them to work together on a study of groundwater conditions in the area. Ten companies, including Cabot France, S.A., are working together to fund and undertake the initial study requested by the DRIRE. Cabot estimates that its share of this initial study will cost less than $10,000. It is not possible at this point to predict whether groundwater remediation will be required, how much it will cost or what Cabot France S.A.'s share of such groundwater remediation will be.

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

The Annual Meeting of Stockholders of Cabot Corporation (the "Annual Meeting") was held on March 11, 1999. An election of Directors was held for which Ms. Jane C. Bradley and Mr. Charles P. Siess, Jr. were nominated and elected to the class of Directors whose terms expire in 2000, and Messrs. Samuel W. Bodman, Arthur L. Goldstein, Gautam S. Kaji and John H. McArthur were nominated and elected to the class of Directors whose terms expire in 2002. The following votes were cast for or withheld with respect to each of the nominees:

Director	In Favor Of	Withheld
Jane C. Bradley	66,850,345	667,477
Charles P. Siess, Jr.	66,781,305	736,517
Samuel W. Bodman	66,831,878	685,944
Arthur L. Goldstein	66,892,449	625,373
Gautam S. Kaji	66,766,454	751,368
John H. McArthur	66,800,208	717,614

Other Directors whose terms of office as Directors continued after the meeting are:

Director	Term Of Office Expires
Kennett F. Burnes	2001
John G.L. Cabot	2001
John S. Clarkeson	2001
Robert P. Henderson	2001
Arnold S. Hiatt	2000
Roderick C.G. MacLeod	2001
John F. O'Brien	2001
David V. Ragone	2000
Lydia W. Thomas	2000
Mark S. Wrighton	2000

The second proposal before the Annual Meeting was the adoption of Cabot's 1999 Equity Incentive Plan (the "Plan"). This proposal was approved by the stockholders. The following votes were cast for or against, or abstained from voting on, the Plan:

FOR	AGAINST	ABSTAINED
48,186,413	18,959,355	372,054

The third proposal before the Annual Meeting was the approval of Cabot's Short-Term Incentive Compensation Plan (the "STIC"). This proposal was approved by the stockholders. The following votes were cast for or against, or abstained from voting on, the STIC:

FOR	AGAINST	ABSTAINED
63,031,505	4,171,836	314,481

Effective March 11, 1999, Morris Tanenbaum retired as a member of the Board of Directors, in accordance with the Company's Director Retirement Policy.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) EXHIBITS

The exhibit numbers in the following list correspond to the number assigned to such exhibits in the Exhibit Table of Item 601 of Regulation S-K:

Exhibit Number	Description
10.1	Cabot Corporation 1999 Equity Incentive Plan, approved by Cabot's Board of Directors on November 13, 1998, and by Cabot's stockholders on March 11, 1999.
10.2	Cabot Corporation Short-Term Equity Incentive Compensation Plan, approved by the Compensation Committee of Cabot's Board of Directors on November 12, 1998, and by Cabot's stockholders on March 11, 1999.
12	Statement Regarding Computation of Ratio of Earnings to Fixed Charges, filed herewith.
27.1	Financial Data Schedule for the period ended March 31, 1999, filed herewith. (Not included with printed copy of the Form 10-Q.)
27.2	Restated Financial Data Schedule for the period ended March 31, 1998, filed herewith. (Not included with printed copy of the Form 10-Q.)

(b) REPORTS ON FORM 8-K

No report on Form 8-K was filed by the Company during the three months ended March 31, 1999.

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: May 17, 1999

/s/ Robert L. Culver

Robert L. Culver
Executive Vice President and
Chief Financial Officer

Date: May 17, 1999

/s/ William T. Anderson

William T. Anderson
Controller
(Chief Accounting Officer)

Exhibit 10.1

CABOT CORPORATION

1999 EQUITY INCENTIVE PLAN

1. PURPOSE

The purpose of this 1999 Equity Incentive Plan (the "Plan") is to advance the interests of Cabot Corporation (the "Company") and its stockholders by enhancing the Company's ability to (a) attract and retain employees who are in a position to make significant contributions to the success of the Company and its subsidiaries; (b) reward employees for such contributions; and (c) encourage employees to take into account the long-term interests of the Company and its stockholders through ownership of shares of the Company's common stock ("Stock").

2. ADMINISTRATION

The Plan will be administered by the Compensation Committee or such other committee (the "Committee") of the Board of Directors of the Company (the "Board") as the Board may from time to time designate; provided that any Committee administering the Plan shall consist of at least three directors and shall not include any employees of the Company. The Committee will have authority, not inconsistent with the express provisions of the Plan and in addition to other authority granted under the Plan, to (a) grant awards ("Awards") and determine the terms and conditions of each Award; (b) modify or waive, on a case by case basis, any term or condition of, or compliance by a Participant with any obligation to be performed by him or her under, a previously granted Award; (c) prescribe forms, rules and procedures (which it may vary from time to time) as appropriate for the administration of the Plan; and (d) interpret the Plan and decide any questions and settle all controversies and disputes that may arise in connection with the Plan. Such determinations and actions of the Committee, and all other determinations and actions of the Committee made or taken under authority granted by any provision of the Plan, will be conclusive and will bind all parties.

3. EFFECTIVE DATE AND TERM OF PLAN

The Plan will become effective on the date on which it is approved by the stockholders of the Company. No Award may be granted under the Plan after the tenth anniversary of the date on which this Plan was adopted by the Board, but Awards previously granted may extend beyond that date.

4. SHARES SUBJECT TO THE PLAN

Subject to adjustment as provided in Section 8.6, the maximum number of shares of Stock that may be delivered under the Plan will be (a) 3,000,000 shares of Stock; plus (b) any shares of Stock issued under the Plan and forfeited; plus (c) without duplication for shares counted under the immediately preceding clause, a number of shares of Stock equal to the number of shares repurchased by the Company in the open market or otherwise and having an aggregate repurchase price no greater than the amount of cash proceeds received by the Company from the sale of shares of Stock under the Plan; plus (d) any shares of Stock surrendered to the Company in payment of the exercise price of Options issued under the Plan. However, in no event shall the Company (a) deliver more than 3,000,000 shares of Stock under the Plan (subject to adjustment pursuant to Section 8.6) to the officers of the Company, (b) issue ISO's (as defined in Section 6.2(a)) under the Plan covering more than 3,000,000 shares of Stock, or (c) issue any Award under the Plan if after giving effect to such Award the aggregate of all outstanding awards under the Plan, the 1996 Equity Incentive Plan, and the Equity Incentive Plan approved by the stockholders of the Company at the 1989 Annual Meeting of Stockholders (i.e., unexercised Options, unvested Purchase Restricted Stock, or other awards that remain subject to the restrictions of the Plan or such other plans) would exceed 9.9% of the total number of shares of Stock at the time outstanding.

Stock delivered under the Plan may be either from authorized but unissued Stock or from treasury shares.

5. ELIGIBILITY AND PARTICIPATION

Those eligible to receive Awards under the Plan will be key employees of the Company or any of its subsidiaries ("Employees") who, in the opinion of the Committee, are in a position to make a significant contribution to the success of the Company or its subsidiaries. A "subsidiary" for purposes of the Plan is an entity in which the Company owns, directly or indirectly, (a) equity interests possessing 40% or more, but less than a majority, of the total combined voting power of all classes of equity, and which entity the Committee shall have determined is managed as part of one of the Company's core businesses, or (b) equity interests possessing a majority of the total combined voting power of all classes of equity. The Committee will from time to time select the eligible Employees who are to be granted Awards ("Participants"), but no Participant shall receive Awards under the Plan covering more than 1,000,000 shares of Stock (subject to adjustment pursuant to Section 8.6).

6. TYPES OF AWARDS

6.1. RESTRICTED STOCK.

(a) Nature of Restricted Stock Award. An Award of Restricted Stock entitles the recipient to acquire, at such time or times as the Committee may determine, shares of Stock subject to the restrictions described in paragraph (d) below ("Restricted Stock") for a consideration which may be either (i) any amount which is not less than 30% of the fair market value of the Stock at the time of grant, or (ii) an amount less than 30% of the fair market value of the Stock at the time of grant if the Committee has expressly determined to grant the discount in accordance with Section 6.5 or in lieu of a comparable amount of salary or cash bonus. However, the number of shares issued at less than 30% of the fair market value in lieu of salary or cash bonus shall be no more than 500,000 shares (subject to adjustment pursuant to Section 8.6).

(b) Payment for Restricted Stock. An Award of Restricted Stock may permit the Participant to pay some or all of the purchase price thereof, or withholding taxes to be paid by the Participant in connection therewith, in the form of a note from the Participant on such terms as the Committee shall determine. Such terms may include forgiveness of all or a portion of any such note upon such conditions as the Committee may specify. However, if any portion of such a note is to be forgiven on the sole condition that the Participant remain an Employee for a period of time, the portion to be so forgiven shall not be counted for the purposes of Section 6.1(a) as consideration for such Stock.

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

(d) Restrictions. The restrictions on each grant of Restricted Stock will lapse at such time or times, and on such conditions, as the Committee may specify. However, not more than 5% of the shares of Stock subject to the Plan shall be awarded with a vesting period less than 3 years from the date of grant, or with no vesting period, or with a vesting schedule that is faster than ratably over a three year period. Except as otherwise specifically provided by the Plan or by the Committee in any particular case, until these restrictions lapse, Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of, except that Restricted Stock may be pledged as security for the purchase price thereof, or for loans used to fund any or all of the purchase price thereof or withholding taxes paid in connection with the purchase thereof. If the Participant ceases to be an Employee before such restrictions have lapsed, the Company shall have the right to repurchase the Restricted Stock for the amount of consideration (excluding services) it received for the Stock plus, if the Committee shall so determine, an amount equal to the withholding taxes paid in connection with the sale of the Stock, or for such other consideration as the Committee shall determine, including for no consideration if no consideration other than services was paid. The Committee shall not accelerate the time at which the restrictions on all or any part of a grant of Restricted Stock will lapse, except as the Committee may determine to be appropriate in connection with a Participant's termination as an Employee.

6.2. OPTIONS.

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

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

(b) Exercise Price. The exercise price of an Option will be determined by the Committee, but except as provided in Section 6.5 the Committee shall not set the exercise price of an Option at less than the fair market value per share of the Stock at the time the Option is granted unless the Committee expressly determines to grant the discount in lieu of a comparable amount of salary or cash bonus.

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

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

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

6.3. APPRECIATION RIGHTS.

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

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

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

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

6.4. PERFORMANCE AWARDS.

(a) Nature of Performance Awards. A Performance Award entitles the recipient to receive an amount, in cash or Stock or a combination thereof (such form to be determined by the Committee), based on one or more measures of performance and/or the attainment of one or more performance goals. Performance measures or goals may be related to personal performance, corporate performance, departmental performance or any other category of performance deemed by the Committee to be important to the success of the Company. The Committee will determine the performance measures and/or goals, the period or periods during which performance is to be measured and all other terms and conditions applicable to the Award. The Committee may in its discretion, in order to qualify an Award under Section 162(m) of the Code, or for any other reason, seek Stockholder approval for particular Awards, or a program pursuant to which Awards were or are to be made, and may make any such Awards subject to such approval.

(b) Other Awards May be Made Subject to Performance Criteria. The Committee may, at the time any Award described in this Section 6 is granted, specify one or more measures of performance and/or the attainment of one or more performance goals to be used in determining one or more terms of the Award or which shall be conditions to the Participant's realization of benefits under all or a portion of the Award.

6.5. SUBSTITUTE AWARDS.

In connection with any acquisition, the Committee may grant Awards to persons who become Employees in connection with such acquisition in substitution for equity incentives held by them in the seller or acquired entity. In such case the Committee may set the prices and other terms of the substitute Awards at such amounts and in such manner as may be appropriate to preserve for the Participants the economic values of the equity incentives for which such Awards are substitutes, or otherwise to provide such incentives as the Committee may determine are appropriate. Any substitute Awards granted under the Plan shall not count toward the share limitations set forth in Section 4, 6.1(a) or 6.1(d).

7. EVENTS AFFECTING OUTSTANDING AWARDS

7.1. DEATH AND DISABILITY.

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

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

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

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

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

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

7.2. OTHER TERMINATION OF EMPLOYMENT.

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

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

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

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

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

7.3 CHANGE IN CONTROL.

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

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

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

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

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

7.4 MERGERS, CONSOLIDATIONS, ETC.

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

8. GENERAL PROVISIONS

8.1. DOCUMENTATION OF AWARDS.

Awards will be evidenced by written instruments prescribed by the Company from time to time. Such instruments may be in the form of agreements, to be executed by both the Participant and the Company, or certificates, letters or similar instruments, which need not be executed by the Participant but acceptance of which will evidence agreement to the terms thereof and hereof.

8.2. RIGHTS AS A STOCKHOLDER; DIVIDEND EQUIVALENTS.

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

8.3. CONDITIONS ON DELIVERY OF STOCK.

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

8.4. TAX WITHHOLDING.

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

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

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

8.5. NONTRANSFERABILITY OF AWARDS.

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

8.6. ADJUSTMENTS IN THE EVENT OF CERTAIN TRANSACTIONS.

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

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

8.7. EMPLOYMENT RIGHTS.

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

8.8. DEFERRAL OF PAYMENTS.

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

8.9. PAYMENT FOR STOCK; LOANS.

Stock purchased from the Company under this Plan either as Restricted Stock or on exercise of an Option may be paid for with such legal consideration as the Committee may determine. If and to the extent authorized by the Committee, the Company may permit Participants to pay for Stock with promissory notes, and may make loans to Participants of all or a portion of any withholding taxes to be paid in connection with the grant, exercise or vesting of any Award. Any such extensions of credit may be secured by Stock or other collateral, or may be made on an unsecured basis, as the Committee may determine.

9. DISCONTINUANCE, CANCELLATION, AMENDMENT AND TERMINATION

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

CABOT CORPORATION

By ______________________________

EXHIBIT A

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

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

(b) the stockholders of the Company approve a merger or consolidation of the Company with any other company, other than (1) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, at least 65% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or (2) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) after which no "person" (with the method of determining "beneficial ownership" used in clause (a) of this definition) owns more than 25% of the combined voting power of the securities of the Company or the surviving entity of such merger or consolidation; or

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

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

Exhibit 10.2

CABOT CORPORATION
SHORT-TERM INCENTIVE COMPENSATION PLAN

The purpose of this Short-Term Incentive Compensation Plan (this "Plan") is to provide incentives for certain senior executives of Cabot Corporation (the "Company") to achieve a sustained, high level of financial success for the Company. This Plan does that by placing a portion of the senior executives' annual compensation at risk based on Company and individual performance. This Plan is intended to comply with the requirements for tax deductibility imposed by Internal Revenue Code Section 162(m) as in effect from time to time ("Section 162(m)") with respect to Awards paid pursuant to this Plan.

ADMINISTRATION

This Plan will be administered by the Compensation Committee of the Board of Directors or, if any member of the Compensation Committee is not an "outside director" for the purposes of Section 162(m), by a subcommittee of the Compensation Committee consisting of those members of the Compensation Committee who are "outside directors" for such purposes. The Compensation Committee or subcommittee administering this Plan is referred to herein as the "Committee." The Committee may delegate to management administrative functions that do not involve discretion. The Committee shall have the authority to interpret this Plan, and any interpretation or decision by the Committee with regard to any questions arising under this Plan shall be final and conclusive on all participants in this Plan.

ELIGIBILITY; PARTICIPANTS

Only officers of the Company shall be eligible to participate in this Plan for any fiscal year of the Company (an "Award Year"). Not later than 90 days after the beginning of each Award Year, the Committee shall (a) select, from among those eligible, the persons who shall participate in this Plan (the "Participants") for the Award Year, and (b) designate for each Participant a specific percentage of the Award Pool as the Participant's potential award (the "Potential Award"). No Participant shall have a Potential Award exceeding 50% of the Award Pool, and the sum of the Potential Awards specified by the Committee for an Award Year shall not exceed 100% of the Award Pool.

FORMULA

The amount available for Awards under this Plan for each Award Year (the "Award Pool") will be 10% of the amount, if any, by which the Company's Adjusted Net Income for the Award Year exceeds 10% of Average Stockholders' Equity. Adjusted Net Income for an Award Year shall be the consolidated net income of the Company as reported to shareholders in the Company's Annual Report, excluding from the calculation of net income all of the following items to the extent they appear as separate line items in the

Company's audited consolidated statement of income appearing in the Annual Report: extraordinary or non-recurring items, changes in tax laws, items relating to discontinued operations, items relating to divested businesses or sales of businesses, restructuring charges, effects of accounting changes and any other special, unusual or non-recurring gain or loss; provided, however, that the Committee may in its discretion include any such item that causes the Award Pool to be reduced. Where any such item to be excluded is stated in the Company's consolidated statement of income as a pre-tax amount, the amount to be excluded shall be adjusted to an after-tax amount using an assumed tax rate (to cover all federal, state and foreign income taxes) equal to the maximum marginal federal income tax rate in effect for US corporations during the Award Year, plus 2%. Average Stockholders' Equity shall be the average of (a) the total stockholders' equity at the end of the Award Year and (b) the total stockholders' equity at the end of the preceding fiscal year (i.e., at the beginning of the Award Year), in each case as reported in the Company's Annual Report.

PAYMENTS

When the Company's financial results for the Award Year have been determined, the Committee will evaluate the Company's financial results, determine the dollar amounts of the Award Pool and of the Potential Award and the actual Award, if any, for each Participant, and shall certify its determinations in writing (the "Certification").

In determining the actual Award to be paid to each Participant, the Committee may exercise discretion to reduce (but not increase) the Award from the amount of the Participant's Potential Award, after taking into account the Company's financial performance, performance of the Participant, and competitive compensation levels. It is expected that the Committee will use its discretion carefully and apply good and rigorous judgment in appraising the performance of the Company and the contributions of each Participant to the Company's performance.

A reduction in the Award paid to a Participant shall not be available to increase the Award of any other Participant. If the total of the Awards as finally determined for any Award Year is less than the Award Pool, the unused portion of the Award Pool will not be carried over to the next Award Year or be added to any future Award Pool.

Awards will be paid in cash as soon as practical after the Certification or may, at the election of the Participant and under procedures adopted by the Committee or any deferred compensation plans from time to time in effect and in accordance with the regulations promulgated under Section 162(m), be deferred.

TAX WITHHOLDING

The Company will deduct any required withholding taxes from the payments under this Plan.

TERMINATION OF EMPLOYMENT

Any Participant who is not an employee of the Company on September 30 of an Award Year will not receive any Award for that Award Year, except that if a Participant's employment terminates due to death or disability the Committee may at its discretion authorize payment of an Award to such Participant (or his or her estate) at the time other Awards are paid in respect of that Award Year.

NO RIGHT TO AWARDS OR CONTINUED EMPLOYMENT

No person shall have any claim or right to be granted an Award, nor shall the selection for participation in the Plan for any Award Year be construed as giving a Participant the right to be retained in the employ of the Company for that Award Year or for any other period.

INTERPRETATION AND AMENDMENTS

This Plan is designed to comply with Section 162(m), and all provisions in this Plan shall be construed in a manner consistent with that intent. The Company's Board of Directors may amend or terminate this Plan at any time, but no amendment shall expand the class of eligible employees or increase either the funding formula for determining the Award Pool or the maximum Award to an individual Participant without the approval of the Company's shareholders. Subject to the foregoing restrictions, this Plan may be amended to add conditions or provisions required, or to remove conditions or provisions no longer required or permitted, by Section 162(m).

Nothing in this Plan shall be deemed in any way to limit or restrict the Company from making any award to any person (including a Participant in this Plan) under any other plan, arrangement or understanding, whether now existing or hereafter arising, or on an ad hoc basis, except as follows. No award to any Participant in this Plan shall be made under any other plan, arrangement or understanding, or on an ad hoc basis, where the amount of such other award is designed to compensate the Participant if, and to the extent that, as a result of the Company's performance, his or her Potential Award or actual Award under this Plan does not reach a particular level.

PLAN TERM

This Plan shall be effective as of the date adopted, for the Award Year ending September 30, 1999, subject to receiving shareholder approval at the 1999 Annual Shareholders Meeting, and shall remain in effect for subsequent Award Years until terminated by the Company's Board of Directors.

EXHIBIT 12

CABOT CORPORATION AND CONSOLIDATED SUBSIDIARIES
STATEMENT REGARDING COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Dollars in millions, except ratios)

	Six Months ended March 31	Years ended September 30				
	1999	1998	1997	1996	1995	1994
Earnings:						
Pre-tax income from continuing operations	$ 95.3	$168.0	$117.0	$279.8	$256.0	$ 118.3
Distributed income of affiliated companies	1.1	7.5	10.4	11.2	11.7	5.6
Add fixed charges:						
Interest on indebtedness	23.0	42.0	43.2	41.7	35.6	41.7
Portion of rents representative of the interest factor	2.6	5.1	4.9	4.8	5.5	5.9
Income as adjusted	$ 122.0	$222.6	$175.5	$337.5	$308.8	$ 171.5
Fixed charges:						
Interest on indebtedness	$ 23.0	$ 42.0	$ 43.2	$ 41.7	$ 35.6	$ 41.7
Portion of rents representative of the interest factor	2.6	5.1	4.9	4.8	5.5	5.9
Total fixed charges	$ 25.6	$ 47.1	$ 48.1	$ 46.5	$ 41.1	$ 47.6
Ratio of earnings to fixed charges	4.8	4.7	3.6	7.3	7.5	3.6

5

6-MOS
SEP-30-1999
MAR-31-1999
13
0
329
5
284
660
1,970
966
1,847
475
424
0
60
66
569
1,847
845
847
577
577
41
0
23
95
34
65
0
0
0
65
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0.88

5

6-MOS
SEP-30-1998
MAR-31-1998
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669
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1,956
589
329
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136
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1,956
892
896
615
615
47
0
23
99
36
69
0
0
0
69
1.02
0.91