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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

September 19, 2006

Cabot Corporation

(Exact name of registrant as specified in its charter)

Delaware

1-5667

04-2271897

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

Two Seaport Lane, Suite 1300, Boston,
Massachusetts

02210-2019

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

617-345-0100

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.05 Costs Associated with Exit or Disposal Activities.

On September 19, 2006, management of Cabot Corporation ("Cabot" or the "Company") committed Cabot to a number of cost reduction initiatives that include the termination of employees under a plan of termination described in paragraph 8 of FASB Statement of Financial Accounting Standards No. 146 Accounting for Costs Associated with Exit or Disposal Activities, under which material charges will be incurred under generally accepted accounting principles applicable to Cabot. These initiatives, some of which are subject to certain local procedures, include streamlining the Company's sales, manufacturing, technical service and certain functional groups by eliminating approximately 130 positions. Subject to completion of the necessary local legal requirements, implementation will begin immediately and conclude during the course of fiscal year 2007. The Company is undertaking these initiatives principally to reduce the fundamental cost structure of the carbon black product lines and strengthen the Company's financial health in light of the continued volatility of feedstock and utility costs.

The Company expects these actions to result in a charge to earnings of approximately \$15 million pre-tax, approximately \$8 million of which is expected to be recorded in the fourth quarter of fiscal 2006 and the remainder in fiscal 2007. Most of the charge will be for one-time employment termination benefits. The Company estimates that it will incur a total cash outlay related to these initiatives of approximately \$15 million, with a cash payback period of roughly one and one half years.

A copy of the Company's press release announcing these cost reduction initiatives is attached hereto as Exhibit 99.1.

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 hereunto duly authorized.

Cabot Corporation

September 25, 2006

By: /s/ Jonathan P. Mason

Name: Jonathan P. Mason

Title: Executive Vice President and Chief Financial Officer

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued by Cabot Corporation on September 25, 2006 announcing cost reduction initiatives.

Contact:

Susannah R. Robinson
Director, Investor Relations
(617) 342-6129

CABOT CORPORATION ANNOUNCES COST REDUCTION INITIATIVES

BOSTON, MA (September 25, 2006) – Cabot Corporation (NYSE:CBT) announced today it is undertaking a number of cost reduction initiatives that could result in a charge to earnings of approximately \$15 million pre-tax, approximately \$8 million of which is expected to be recorded in the fourth quarter of fiscal 2006 and the remainder in fiscal 2007. Most of the charge will be for one-time employment termination benefits. The Company estimates that it will incur a total cash outlay related to these initiatives of approximately \$15 million, with a cash payback period of roughly one and one half years. The foregoing is the Company's best estimate of the charge to be recorded, and is subject to final determination of the accounting impact of these actions.

These initiatives, some of which are subject to certain local procedures, include streamlining the Company's sales, manufacturing, technical service and certain functional groups by eliminating approximately 130 positions. Subject to completion of the necessary local legal requirements, implementation will begin immediately and conclude during the course of fiscal year 2007. The result of these initiatives will be the consolidation of certain activities and a more streamlined, simpler organization, which will assist Cabot in managing costs and create opportunities for future efficiencies. The Company is undertaking these initiatives principally to reduce the fundamental cost structure of the carbon black product lines and strengthen the Company's financial health. The Company continues to consider other ways to reduce the cost structure of the carbon black product lines.

Kennett Burnes, Cabot Chairman and CEO stated, "These types of actions are never easy and we recognize that they result in difficult situations for people. We have made every attempt to address the cost issues facing the carbon black business in other ways, but we are convinced that a more structural cost reduction effort must be implemented due to the continued volatility of feedstock and utility costs. We believe these steps are necessary, and that they will make Cabot a stronger and more competitive company."

Separate from these cost reduction initiatives, in the current fiscal quarter the Company is experiencing strong demand in all of its businesses, positive effects from high plant utilization and is seeing benefits from previously initiated cost reduction efforts. The Company expects to announce earnings for the fourth fiscal quarter and the fiscal year on November 1 and discuss results with shareholders at its earnings teleconference on November 2.

The statements made in this Press Release concerning the amount and timing of the charge to earnings the Company expects to record in connection with its new cost reduction initiatives and the expected results of these initiatives constitute forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those expressed by these forward-looking statements as a result of various important factors, including: finalization of employee severance arrangements; finalization of the accounting impact of these initiatives; continued volatility in feedstock and utility costs; lower than expected demand for our products; our ability to implement these cost savings initiatives and to maintain cost savings from them; and other factors and risks discussed in the Company's 2005 Annual Report on Form 10-K which is on file with the Securities and Exchange Commission. In addition, the forward-looking statements represent our estimates only as of today and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, even if our estimates change.

Cabot Corporation is a global specialty chemicals and materials company headquartered in Boston, MA. Cabot's major products are carbon black, fumed silica, inkjet colorants, capacitor materials, and cesium formate drilling fluids.