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

DECEMBER 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 JANUARY 31, 2000, THE COMPANY HAD 67,083,186 SHARES OF COMMON STOCK, PAR VALUE $1 PER SHARE, OUTSTANDING.

CABOT CORPORATION

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CABOT CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Three Months Ended December 31

(In millions, except per share amounts)

UNAUDITED

	1999	1998
Revenues:		
Net sales and other operating revenues	$ 493	$ 408
Interest and dividend income	1	1
Total revenues	494	409
Costs and expenses:		
Cost of sales	357	277
Selling and administrative expenses	50	53
Research and technical service	15	19
Interest expense	11	11
Other charges, net	1	1
Total costs and expenses	434	361
Income before income taxes	60	48
Provision for income taxes	(21)	(17)
Equity in net income of affiliated companies	1	2
Minority interest in net income	(2)	(1)
Net income	38	32
Dividends on preferred stock, net of tax benefit	(1)	(1)
Net income available to common shares	$ 37	$ 31
Weighted-average common shares outstanding (Note I):		
Basic	64	65
Diluted	73	74
Income per common share (Note I):		
Basic	$0.57	$0.48
Diluted	$0.50	$0.43
Dividends per common share	$0.11	$0.11

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

CABOT CORPORATION
CONSOLIDATED BALANCE SHEETS
December 31, 1999 and September 30, 1999

(In millions)

ASSETS

	December 31 1999 (Unaudited)	September 30 1999
Current assets:		
Cash and cash equivalents	$ 35	$ 35
Accounts and notes receivable (net of reserve for doubtful accounts of $4 and $5)	341	321
Inventories:		
Raw materials	73	72
Work in process	48	55
Finished goods	104	96
Other	39	36
Total inventories	264	259
Prepaid expenses	32	27
Deferred income taxes	15	17
Total current assets	687	659
Investments:		
Equity	75	72
Other	49	47
Total investments	124	119
Property, plant and equipment	2,039	2,039
Accumulated depreciation and amortization	(1,031)	(1,015)
Net property, plant and equipment	1,008	1,024
Other assets:		
Intangible assets, net of amortization	19	20
Deferred income taxes	5	6
Other assets	16	14
Total other assets	40	40
Total assets	$ 1,859	$ 1,842

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

CABOT CORPORATION
CONSOLIDATED BALANCE SHEETS
December 31, 1999 and September 30, 1999

(In millions, except for share amounts)

LIABILITIES & STOCKHOLDERS' EQUITY

	December 31 1999 (Unaudited)	September 30 1999
Current liabilities:		
Notes payable to banks	$ 205	$ 186
Current portion of long-term debt	49	11
Accounts payable and accrued liabilities	249	252
Deferred income taxes	1	1
Total current liabilities	504	450
Long-term debt	377	419
Deferred income taxes	67	68
Other liabilities	157	167
Commitments and contingencies (Note D)		
Minority interest	32	32
Stockholders' Equity (Note G):		
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	75	75
Issued: 75,336 shares (aggregate redemption value of $65 and $65)		
Less cost of shares of preferred treasury stock	(18)	(17)
Common stock:		
Authorized: 200,000,000 shares of $1 par value		
Issued: 67,003,754 and 67,123,892 shares	67	67
Additional paid-in capital	--	5
Retained earnings	763	734
Unearned compensation	(26)	(30)
Deferred employee benefits	(58)	(59)
Notes receivable for restricted stock	(25)	(25)
Accumulated other comprehensive loss (Note H)	(56)	(44)
Total stockholders' equity	722	706
Total liabilities and stockholders' equity	$ 1,859	$ 1,842

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

CABOT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended December 31, 1999 and 1998

(In millions)

UNAUDITED

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 38	$ 32
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Depreciation and amortization	32	30
Deferred tax benefit	3	1
Equity in income of affiliated companies, net of dividends received	--	(1)
Other, net	6	3
Changes in assets and liabilities, net of the effect of the consolidation of equity affiliates:		
Increase in accounts receivable	(25)	(26)
Increase in inventory	(7)	(26)
Decrease in accounts payable and accruals	(15)	(43)
Increase in prepayments and intangible assets	(7)	(4)
Increase in income taxes payable	12	8
Increase (decrease) in other liabilities	(12)	13
Other, net	--	(1)
Cash provided by (used in) operating activities	25	(14)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(26)	(56)
Investments	--	(4)
Cash from consolidation of equity affiliates	--	8
Cash used in investing activities	(26)	(52)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	--	100
Repayments of long-term debt	(2)	(2)
Increase (decrease) in short-term debt	20	(20)
Purchases of preferred and common stock	(7)	(26)
Sales and issuances of preferred and common stock	1	1
Cash dividends paid to stockholders	(9)	(8)
Cash provided by financing activities	3	45
Effect of exchange rate changes on cash	(2)	--
Decrease in cash and cash equivalents	--	(21)
Cash and cash equivalents at beginning of period	35	40
Cash and cash equivalents at end of period	$ 35	$ 19

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

CABOT CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
Three Months Ended December 31, 1999

(In millions)

UNAUDITED

	Preferred Stock	Preferred Treasury Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss
Balance at September 30, 1999	$ 75	$(17)	$ 67	$ 5	$734	$(44)
Net income					38	
Foreign currency translation adjustments						(13)
Change in unrealized gain on available-for-sale securities						1
Total comprehensive income						
Common dividends paid					(8)	
Issuance of stock under employee compensation plans, net of tax benefit				1		
Issuance of common stock to CRISP						
Purchase and retirement of common stock				(6)		
Purchase of treasury stock - preferred		(1)				
Preferred dividends paid to Employee Stock Ownership Plan, net of tax					(1)	
Principal payment by Employee Stock Ownership Plan under guaranteed loan						
Amortization of unearned compensation						
Balance at December 31, 1999	$ 75	$(18)	$ 67	$ --	$763	$(56)

	Unearned Compensation	Deferred Employee Benefits	Notes Receivable for Restricted Stock	Total Stockholders' Equity	Total Comprehensive Income
Balance at September 30, 1999	$(30)	$(59)	$(25)	$706	
Net income					$ 38
Foreign currency translation adjustments					(13)
Change in unrealized gain on available-for-sale securities					1
Total comprehensive income					$ 26
Common dividends paid					
Issuance of stock under employee compensation plans, net of tax benefit					
Issuance of common stock to CRISP					
Purchase and retirement of common stock					
Purchase of treasury stock - preferred					
Preferred dividends paid to Employee Stock Ownership Plan, net of tax					
Principal payment by Employee Stock Ownership Plan under guaranteed loan		1			
Amortization of unearned compensation	4				
Balance at December 31, 1999	$(26)	$(58)	$(25)	$722	

CABOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1999
UNAUDITED

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 ("Cabot"). Investments in 20 to 50 percent owned affiliates are accounted for on the equity method. Intercompany transactions have been eliminated.

The unaudited consolidated financial statements have been prepared in accordance with the requirements of Form 10-Q and consequently do not include all disclosures required by Form 10-K. Additional information may be obtained by referring to Cabot's Form 10-K for the year ended September 30, 1999.

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 December 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. SPECIAL ITEMS AND BUSINESS DEVELOPMENTS

During fiscal 1999, Cabot began implementation of initiatives to reduce costs and improve operating efficiencies. In connection with these efforts, in fiscal 1999 Cabot recorded a $26 million charge for capacity utilization and cost reduction initiatives. These Chemicals Group charges included $16 million for severance and termination benefits for approximately 265 employees, of which $7 million was paid out in 1999, and a charge of $10 million for the retirement of certain long-lived plant assets, primarily at the Australian carbon black facility and European plastics masterbatch operations. An additional $6 million for severance and termination benefits was paid out in the first quarter of fiscal 2000. Cabot expects these initiatives to be substantially completed by the end of fiscal 2000.

During 1996, Cabot acquired an 80% ownership interest in P.T. Continental Carbon Indonesia ("PTCCI"), an Indonesian carbon black plant located in Merak, Indonesia. During 1998, the financial and economic circumstances in Indonesia and the region resulted in a significant decline in demand for carbon black. As a result, management halted production at this plant. In accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets", Cabot recognized in the third quarter of 1998 an impairment loss of $60 million for the difference between the carrying value of PTCCI's long-lived assets of $77 million and the estimated fair value. The charge related to the Chemicals Group consisted of $34 million for property, plant and equipment and other assets and $26 million for goodwill and other intangible assets. Cabot has continued to maintain the idled facility and has recently begun assessing demand for carbon black in the region and has initiated the customer reapproval process with plans for restarting production.

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

C. RECLASSIFICATION

Certain amounts were reclassified in fiscal 1999 to reflect changes in Cabot's organization during the year and to conform to the fiscal 2000 presentation.

D. COMMITMENTS AND CONTINGENCIES

During January 2000, Cabot entered into a sales agreement to provide natural gas to a customer in North America. The contract is designed to provide the customer with 70 billion cubic feet of vaporized natural gas per year at prevailing market prices expiring in 2020.

E. LNG COMMODITIES

Cabot is exposed to natural gas price fluctuations that can affect its sales revenues and supply costs. Cabot, from time to time, enters into commodity futures contracts, commodity price swaps, and/or option contracts to hedge a portion of firmly committed and anticipated transactions against such natural gas price fluctuations. Cabot monitors its exposure to ensure overall effectiveness of its hedge positions.

As of December 31, 1999, the notional principal amount for the commodity futures contracts, commodity price swaps, and option contracts was $98 million, maturing through August 2000. For the first quarter of fiscal 2000, Cabot realized losses associated with the hedging activity of $1 million.

F. INTEREST RATE SWAPS

Cabot maintains a percentage of fixed and variable rate debt within defined parameters. Cabot uses interest rate swaps to hedge its exposure on fixed and variable rate debt positions. During the first quarter of fiscal 2000 the fixed interest rate on the $100 million notional principal amount of the then remaining two interest rate swap agreements was 7.4%.

During the first quarter of fiscal 2000, Cabot settled one of its remaining two interest rate swaps. The cost associated with this settlement was approximately $1 million and will be amortized over the remaining eight year life of the hedged debt positions. As of December 31, 1999, the notional principal amount of the remaining interest rate swap agreement was $50 million, expiring in 2007. For the first quarter of fiscal 2000, the gains or losses in interest income or expense associated with these agreements was immaterial.

In January 2000, Cabot settled the remaining interest rate swap. The cost associated with this settlement was immaterial.

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

(Preferred shares in thousands and common shares in millions)

UNAUDITED

G. STOCKHOLDERS' EQUITY

The following table summarizes the changes in shares of stock for the three months ended December 31:

	1999
PREFERRED STOCK	
Balance at September 30, 1999	75
Balance at December 31, 1999	75
PREFERRED TREASURY STOCK	
Balance at September 30, 1999	10
Purchased preferred treasury stock	1
Balance at December 31, 1999	11
COMMON STOCK	
Balance at September 30, 1999	67
Issued common stock	--
Purchased and retired common stock	--
Balance at December 31, 1999	67

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

(In millions)

UNAUDITED

H. COMPREHENSIVE INCOME

The pre-tax, tax, and after-tax effects of the components of other comprehensive loss for the three months ended December 31 are shown below:

	Pre-tax	Tax	After-tax
1999			
Foreign currency translation adjustments	$(13)	$ --	$(13)
Unrealized holding gain arising during period on marketable equity securities	2	(1)	1
Other comprehensive loss	$(11)	$ (1)	$(12)

The balance of related after-tax components comprising accumulated other comprehensive loss as of December 31 is summarized below:

	1999
Foreign currency translation adjustment	$(60)
Unrealized gain on marketable equity securities	4
Accumulated other comprehensive loss	$(56)

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

(In millions, except per share amounts)

UNAUDITED

I. EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") were calculated for the three months ended December 31 as follows:

	1999	1998
BASIC EPS		
Income available to common shares (numerator)	$ 37	$ 31
Weighted-average common shares outstanding	67	67
Less: Contingently issuable shares	(3)	(2)
Adjusted weighted-average shares (denominator)	64	65
Basic EPS	$0.57	$0.48
DILUTED EPS		
Income available to common shares	$ 37	$ 31
Dividends on preferred stock	1	1
Less: Income effect of assumed conversion of preferred stock	(1)	(1)
Income available to common shares plus assumed conversions (numerator)	$ 37	$ 31
Weighted-average common shares outstanding	67	67
Effect of dilutive securities: Stock-based compensation(1)	6	7
Adjusted weighted-average shares (denominator)	73	74
Diluted EPS	$0.50	$0.43

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

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

(In millions)

UNAUDITED

J. FINANCIAL INFORMATION BY SEGMENT

The framework for segment reporting is intended to give analysts and other financial statement users a view of Cabot "through the eyes of management". It designates Cabot's internal management reporting structure as the basis for determining Cabot's reportable segments, as well as the basis for determining the information to be disclosed for those segments. The following table provides financial information by segment for the three months ended December 31:

	CHEMICALS GROUP	PERFORMANCE MATERIALS	SPECIALTY FLUIDS	MICRO-ELECTRONICS MATERIALS	LIQUEFIED NATURAL GAS	SEGMENT TOTAL	UNALLOCATED AND OTHER	CONSOLIDATED TOTAL
1999								
Net sales and other operating revenues(1)(2)	$322	$ 51	$ 4	$ 35	$102	$514	$(21)	$493
Profit (loss) before taxes(3)	$ 53	$ 8	$ (2)	$ 9	$ 4	$ 72	$(12)	$ 60
1998								
Net sales and other operating revenues(1)(2)	$298	$ 47	$ 3	$ 21	$ 54	$423	$(15)	$408
Profit (loss) before taxes(3)	$ 49	$ 5	$ --	$ 4	$ 2	$ 60	$(12)	$ 48

Unallocated and other net sales and other operating revenues includes the following:

	1999	1998
Equity affiliate sales	$ (20)	$ (16)
Royalties paid by equity affiliates	1	2
Interoperating segment revenues	(2)	(1)
Total	$ (21)	$ (15)

Unallocated and other profit (loss) before taxes includes the following:

	1999	1998
Interest expense	$ (11)	$ (11)
General unallocated income (expense)(4)	--	1
Equity in net income of affiliated companies	(1)	(2)
Total	$ (12)	$ (12)

(1) Net sales for certain operating segments within Chemicals Group include 100% of equity affiliate sales. Specialty Fluids sales include transfers of ore to Performance Materials at market-based prices.
(2) Unallocated and other reflects an adjustment for equity affiliate sales and interoperating segment revenues and includes royalties paid by equity affiliates.
(3) Segment profit is a measure used by Cabot's chief operating decision-makers to measure consolidated operating results and assess segment performance. It includes equity in net income of affiliated companies, royalties paid by equity affiliates, minority interest, and corporate governance costs, and excludes foreign currency transaction gains (losses), interest income (expense) and dividend income.
(4) General unallocated income (expense) includes foreign currency transaction gains and (losses), interest income (expense), and dividend income and reflects an adjustment for minority interest.

CABOT CORPORATION

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

I. RESULTS OF OPERATIONS

Sales and operating profit by segment are shown in Footnote J to the Consolidated Financial Statements.

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

Net income for the first quarter of fiscal 2000 was $38 million ($0.50 per diluted common share), compared to $32 million ($0.43 per diluted common share) in the same quarter a year ago. Sales increased 21% to $493 million from $408 million last year. Operating profit increased $12 million to $72 million from $60 million last year. The increase in earnings is attributable to improved volumes in all of the Company's businesses combined with significant cost reduction efforts, which more than offset the effects of higher feedstock costs and a stronger U.S. dollar.

Sales for the Chemicals Group, which includes the carbon black, plastics, fumed silica and inkjet colorants businesses, increased 8% to $322 million from $298 million last year. Higher volumes and selling prices increased sales 13% and 1%, respectively. Negative effects of a stronger U.S. dollar reduced sales by 6%. Operating profit increased 8% to $53 million.

Carbon black sales increased 5% due to higher volumes and slightly improved selling prices, partially offset by negative effects of a stronger U.S. dollar. The carbon black business experienced higher volumes in all regions, most notably in South America and Asia Pacific. Carbon black also benefited from cost reduction initiatives announced last July. Reductions in selling and administrative and, to a lesser extent, conversion and research and development costs improved operating profit by approximately $13 million. The significant increase in oil prices, however, caused average feedstock costs to increase approximately 25%, or $19 million, quarter-over-quarter. Overall, improved volumes and reduced costs offset higher feedstock and negative currency effects, causing a 6% improvement in operating profit.

Plastics sales increased 16%. The price of thermoplastics resins has increased rapidly during the last nine months. Such price fluctuations are not unusual in the plastics industry, but the temporary effect has been to cause customers to increase their inventories and, hence, to increase the sales volumes for this business. The greater volumes and new business activity increased sales 24%. Lower selling prices reduced sales by 1%. Negative effects of a stronger U.S. dollar reduced sales by 7%. Significant volume improvement and manufacturing cost reductions more than offset the increase in polymer and carbon black feedstock costs, resulting in an operating profit improvement of 53%.

Fumed silica sales increased 11% on 10% greater volumes. Selling prices were slightly higher in the first quarter of fiscal 2000 versus the first quarter of last year. Volume improvements, driven mainly by increased sales to Dow Corning, were offset by increased operating costs related to the Company's new fumed silica plant in Midland, Michigan, causing slightly lower operating profit compared with last year's first quarter.

The Company's inkjet colorants business reported slightly improved operating profit in the form of reduced losses.

Performance Materials sales were $51 million in the first quarter of fiscal 2000 compared with $47 million in 1999. Operating profit increased 60% largely due to improved volumes driven by increased demand for tantalum capacitors from the telecommunications and electronics industries.

Specialty Fluids sales in the first quarter were $4 million versus $3 million last year. This business focuses on commercializing cesium formate drilling and completion fluids for oil and gas wells, however, sales to date have been generated primarily from the production and sale of spodumene and tantalum. As of the end of the first

CABOT CORPORATION

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

quarter, cesium formate was used successfully in three North Sea completion operations. Each trial completion operation was performed for a different major oil company. The cost of cesium formate trials reduced operating profit by $2 million. Additional trials are expected as interest in cesium formate continues to grow. In addition, management plans to re-open its cesium formate plant during the second quarter of fiscal 2000. Production was suspended in the fourth quarter of fiscal 1999 because of the large inventory built for initial testing.

Microelectronics Materials (MMD) sales increased almost 70% to $35 million from $21 million last year. Strength in demand and broader use by the semiconductor industry of the chemical mechanical planarization process caused volumes to grow 48%. Higher average selling prices improved sales 22%. Operating profit increased to $9 million primarily due to improved volumes and increased use of higher-value new products, offset somewhat by increased selling, technical, and administrative expenses.

Sales for Liquefied Natural Gas (LNG) were $102 million in the first quarter compared with $54 million last year. LNG volumes doubled primarily due to the new Trinidad supply. Additionally, LNG experienced modestly higher year-to-year selling prices. Improved volumes caused operating profit to increase to $4 million from $2 million last year. Two events, however, reduced operating profit by approximately $5 million more than expected. First, the new Berkshire power plant, a large new customer with which Cabot recently signed a long-term supply contract, did not come on line in October 1999 as scheduled. Cabot began deliveries under the contract during December 1999. Second, Cabot incurred approximately $2.5 million of costs, net, related to a bearing failure in the Matthew.

Research and technical service spending was $15 million for the first quarter, down 21% from $19 million in the first quarter of last year. The decrease reflected reduced spending in the Chemicals Group. Selling and administrative expenses were $50 million in the first quarter versus $53 million last year. The decrease reflects cost improvement efforts across Cabot's businesses.

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

II. CASH FLOWS AND LIQUIDITY

During the first three months of the year the Company's operations provided $25 million of cash compared to using $14 million of cash during last year's first quarter.

Capital spending for the first three months of the year was $26 million. The major components of the fiscal 2000 capital program include maintenance and replacement projects, MMD plant expansion and expansion of vaporization capacity at the Company's LNG terminal in Everett, Massachusetts.

On January 14, 2000, Cabot's Board of Directors authorized the repurchase of 4 million shares of the Company's common stock, superseding prior authorizations. During the first three months of fiscal 2000, the Company purchased approximately 0.3 million shares of common stock.

Cabot's ratio of total debt (including short-term debt net of cash) to capital was 44% at both September 30 and December 31, 1999.

Cabot maintains a credit arrangement under which it may borrow up to $300 million at floating rates. As of December 31, 1999, the Company had $205 million of available borrowing capacity and no borrowing outstanding under this arrangement. The facility is available through January 3, 2002. Management expects cash from operations and present financing arrangements, including Cabot'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

III. YEAR 2000 READINESS DISCLOSURE

In anticipation of the January 1, 2000 date change, Cabot developed and implemented a Year 2000 plan to address possible Year 2000 disruptions. During the December 31, 1999 to January 1, 2000 date change, Cabot monitored its operations and computer systems. Minor problems with some dates on isolated computer generated reports occurred and were corrected. Cabot will monitor its operations and computer systems during the leap year date changes from February 28, 2000 through March 1, 2000.

The cost of implementing system and program changes necessary to address Year 2000 issues did not have a material effect on Cabot's results of operations or financial condition. Cabot identified Year 2000 expenses as costs incurred specifically to modify hardware or software to be Year 2000 compliant where such modifications did not add any other functionality. Cabot considered the vast majority of its projects over the last year to be part of its ongoing global business system renewal initiatives. Cabot recognizes that a benefit of those initiatives was Year 2000 compliance. However, those initiatives were not undertaken primarily for Year 2000 compliance and, therefore, were not treated as Year 2000 costs. Specific Year 2000 compliance efforts were supported by a reallocation of existing information technology and human resources. Cabot did not separately track all costs associated with employees working on Year 2000 projects. In addition to the global business system renewal efforts, Cabot budgeted and spent approximately $2 million during fiscal 1999 and the first quarter of fiscal 2000 on direct Year 2000 remediation efforts.

Although Cabot believes that its Year 2000 plan successfully eliminated potential problems associated with the Year 2000 date change, it cannot guarantee that the plans, work and funds expended corrected all Year 2000 errors or that the information systems will not generate Year 2000 errors in the future, particularly when operating with third party computer systems or data. To date Cabot has not experienced any material disruptions resulting from third parties' Year 2000 problems. Cabot cannot, however, predict reliably the effect any such future disruptions may have on Cabot, its operations or financial condition.

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 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
27.1	Financial Data Schedule for the period ended December 31, 1999, filed herewith. (Not included with printed copy of the Form 10-Q.)
27.2	Restated Financial Data Schedule for the period ended December 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 December 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: February 9, 2000

/s/ Robert L. Culver

Robert L. Culver
Executive Vice President and
Chief Financial Officer

Date: February 9, 2000

/s/ William T. Anderson

William T. Anderson
Controller
(Chief Accounting Officer)

5
1,000,000

3-MOS
SEP-30-2000
DEC-31-1999
35
0
345
4
264
687
2,039
1,031
1,859
504
377
0
57
67
598
1,859
493
494
357
357
16
0
11
60
21
38
0
0
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