Cabot Proposes European Restructure

May 14, 2003

BOSTON, MA (May 14, 2003) - The Board of Directors of Cabot Corporation (CBT/NYSE) has authorized management to proceed with exploring a number of European restructuring initiatives. These proposed initiatives, which are subject to certain regulatory approvals and consultation processes with Works Councils, include closure of Cabot's carbon black manufacturing facility in Zierbena, Spain, the consolidation of administrative services for all European businesses in one Shared Service Center to be located in Belgium, and the implementation of a consistent staffing model for manufacturing facilities in Europe. When the legal procedures have been completed, implementation would begin immediately in certain locations and conclude within a period of approximately 18 to 24 months. It is anticipated that the closure of the Zierbena plant, which has a stated capacity of approximately 60 thousand metric tons, could occur as early as the fall of 2003. In addition to these initiatives, the Company has decided to discontinue an energy project that was in process at Zierbena and at one other European carbon black manufacturing facility.

Kennett Burnes, Cabot's Chairman and CEO stated, “We recognize that these actions create difficult situations for some of our employees and the associated communities. However, we believe these steps are necessary to address over-capacity in our rubber blacks manufacturing system resulting from low-priced imports and migration of tire production out of Western Europe.”

This market situation was further impacted by the EU Member States' decision not to adopt the recommendation made by the European Commission to impose anti-dumping duties on carbon black imports into the EU from Russia and Egypt.

Burnes continued, “In addition, as anticipated, our new enterprise resource planning (ERP) system is facilitating improvements in efficiency and customer service throughout the organization. We have committed to significant cost reductions and customer service enhancements as a result of this implementation. The consolidation of administrative services and the implementation of a consistent manufacturing staffing model are related to these commitments. These initiatives will make Cabot a stronger and more competitive company.”

The Company expects that these initiatives could result in a pre-tax charge to earnings of approximately $60 million over the next 18 to 24 months. Approximately $30 million of the charge is expected to be recorded during fiscal year 2003. Total cash outlays related to the program over the 18 to 24 month period are expected to be approximately $25 million.

Cabot Corporation is a global specialty chemicals and materials company and is headquartered in Boston, MA. Cabot's major products are carbon black, fumed silica, inkjet colorants, and capacitor materials. Cabot has approximately 4,500 employees in 45 manufacturing plants located in 23 countries around the world.

Forward-Looking Information: Included above are forward-looking statements relating to management's expectations of future profits, the possible achievement of the Company's financial goals and objectives and management's expectations for shareholder value creation initiatives and for the Company's product development program. Actual results may differ materially from the results anticipated in the forward-looking statements included in this press release due to a variety of factors, including market supply and demand conditions, fluctuations in currency exchange rates, costs and availability of raw materials, patent rights of others, stock market conditions, demand for our customers' products, competitors' reactions to market conditions, the outcome of pending litigation and governmental investigations, the impact of global health and safety concerns on economic conditions or market opportunities and other factors discussed in the Company's 2002 Annual Report on Form 10-K. Timely commercialization of products under development by the Company may be disrupted or delayed by technical difficulties, market acceptance, competitors' new products, as well as difficulties in moving from the experimental stage to the production stage.