



Cabot Announces Share Repurchase Program and Establishment of Litigation Reserve; Board Votes Quarterly Dividend

May 11, 2007

BOSTON, May 11 /PRNewswire-FirstCall/ -- Cabot Corporation (NYSE: CBT) today made several announcements of interest to shareholders.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20000323/CABOTLOGO>)

Share Repurchase Authorization

At its meeting on May 11, 2007 the Board of Directors authorized the repurchase of up to five million shares of the Company's common stock. As part of the authorization, the Board terminated the previously existing share repurchase authorization under which approximately 1.5 million shares of common stock remained available for repurchase.

Kennett F. Burnes, Cabot's Chairman and CEO, said, "We are confident in the future of our business. With our share repurchase program announcement today, we reaffirm our confidence and optimism in the long-term future of the Company and the continuation of our strategy of returning capital to shareholders as circumstances permit. Given our strong financial performance and balance sheet, we plan to engage more actively in share repurchase activities, while at the same time continuing to pursue attractive growth opportunities."

The timing and amount of any shares repurchased will be determined by Cabot's management based on its evaluation of market conditions and other factors. Shares will be repurchased using the Company's existing sources of liquidity and free cash flow generated in the future. As of March 31, 2007, the Company had cash and cash equivalents of approximately \$246 million. The repurchase program may be suspended or discontinued at any time. All shares repurchased through this program will be retired and restored to the status of authorized but unissued shares of common stock of the Company. As of May 10, 2007, the Company had approximately 64 million shares of common stock outstanding.

Establishment of Litigation Reserve

As discussed in the Company's 2006 Annual Report on Form 10-K filed with the Securities and Exchange Commission, the Company is one of several named defendants in an antitrust lawsuit pending in U.S. Federal District Court relating to carbon black sold in the United States during a specified period. Subsequent to the release of the Company's earnings on April 25, 2007, based on settlement discussions among the Company and the plaintiffs in the federal carbon black antitrust litigation, the Company recorded a \$10 million reserve in its March 31, 2007 consolidated financial statements, which is reflected in the Company's Quarterly Report on Form 10-Q filed yesterday.

Board Declares Quarterly Dividend

At its meeting on May 11, 2007 the Board of Directors declared a dividend of \$0.18 per share on all outstanding shares of the Company's common stock. The dividend is payable on June 8, 2007 to stockholders of record of such common stock at the close of business on May 25, 2007.

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.

Statements in this press release regarding the Company's intention to repurchase shares of its common stock from time to time under the stock repurchase program, the intended purpose of the repurchase plan and the source of funding are forward-looking statements. There are a number of important factors that could cause actual events to differ materially from those suggested or indicated by such forward-looking statements. These include, among others, the market price of the Company's stock prevailing from time to time, the nature of other investment opportunities presented to the Company from time to time, the Company's cash flows from operations, general economic conditions, and other factors identified in the Company's 2006 Annual Report on Form 10-K and most recent Quarterly Reports on Form 10-Q filed with the SEC.

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