

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM S-8

REGISTRATION STATEMENT

Under

The Securities Act of 1933

\_\_\_\_\_  
CABOT CORPORATION  
(Exact name of issuer as specified in its charter)

Delaware	04-2271897
(State or other jurisdiction	(IRS Employer
of Incorporation or Organization)	Identification No.)

75 STATE STREET  
BOSTON, MASSACHUSETTS 02109-1806  
(Address of Principal Executive Office, including zip code)

EQUITY INCENTIVE PLAN  
(Full title of the Plan)

Charles D. Gerlinger, Esq.  
75 State Street  
Boston, Massachusetts 02109-1806  
(Name and address of agent for service)

(617) 345-0100  
(Telephone number, including area code, of agent for service)

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CALCULATION OF REGISTRATION FEE

Title of Securities to be registered	Amount to be registered	Proposed maximum offering price per share (1)	Proposed maximum aggregate offering price (1)	Amount of registration fee
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Common Stock, par value \$1.00 per share (including Preferred Stock Purchase Rights)	400,000 shares (2)	\$49.00	\$19,600,000	\$6,759
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(1) Estimated pursuant to Rules 457(c) and (h) solely for the purpose of determining the registration fee and based on the average of the high and low prices of the Registrant's Common Stock, par value \$1.00 per share (the "Common Stock"), reported on the New York Stock Exchange Composite Transactions Index on May 10, 1994.

(2) Plus such indeterminate number of additional shares of Common Stock as may be required in the event of a stock dividend, reverse stock split or combination of shares, recapitalization or other change in the Registrant's capital stock. Prior to the occurrence of certain events the Preferred Stock Purchase Rights will not be evidenced separately from the Common Stock.

Item 3. Incorporation of Documents by Reference.  
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The following documents which have been previously filed with the Securities and Exchange Commission (the "Commission") by the Registrant (File No. 1-5667) pursuant to the Securities Exchange Act of 1934 (the "Exchange Act") are incorporated by reference in this Registration Statement:

(1) The Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1993;

(2) All other reports filed by the Registrant with the Commission pursuant to Section 13(a) or Section 15(d) of the Exchange Act since the end of the fiscal year covered by the Registrant's Annual Report referred to above; and

(3) The description of the Common Stock and of the Registrant's Preferred Stock Purchase Rights contained in the Registrant's Registration Statement on Form 8-A, as amended to date.

All documents filed by the Registrant with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Registration Statement and prior to the filing of a post-effective amendment hereto which indicate that all securities offered have been sold or which deregister all securities then remaining unsold, shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such documents.

Item 4. Description of Securities.  
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Not applicable.

Item 5. Interest of Named Experts and Counsel.  
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Not applicable.

Item 6. Indemnification of Directors and Officers.  
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The Registrant is a Delaware corporation. Subsection (a) of Section 145 of the Delaware General Corporation Law (the "DGCL") empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually

and reasonably incurred by him or her in connection with such action, suit or proceeding if he acted in good faith in a manner he or she reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect to any criminal action or proceeding, had no cause to believe his or her conduct was unlawful.

Subsection (b) of Section 145 empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such a person acted in any of the capacities set forth above, against expenses actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted under similar standards, except that no indemnification may be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action was brought shall determine that despite the adjudication of liability such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 145 further provides that: (i) to the extent that a director or officer of a corporation has been successful in the defense of any action, suit or proceeding referred to in subsections (a) and (b) or in the defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith and (ii) indemnification provided for by Section 145 shall not be deemed exclusive of any other rights to which the indemnified party may be entitled. Section 145 also empowers the corporation to purchase and maintain insurance on behalf of a director or officer of the corporation against any such liability asserted against him or incurred by him in any such capacity or arising out of his or her status as such whether or not the corporation would have the power to indemnify him or her against such liabilities under Section 145.

Paragraph (i) of Article EIGHTH of the Registrant's Restated Certificate of Incorporation provides that a director of the Registrant shall not be personally liable to the Registrant or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Registrant or its stockholders, (ii) for acts or omissions not in good faith or

which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL (which relates to unlawful payment of dividends) or (iv) for any transaction from which the director derived any improper personal benefit.

Paragraph (j) of Article EIGHTH of the Registrant's Restated Certificate of Incorporation provides that the Registrant shall indemnify any person covered by Section 145 against expenses (including attorneys' fees), judgments, fines and amounts paid in connection with an action, suit or proceeding to the extent and under the circumstances permitted from time to time under the DGCL. Section 14 of the Registrant's By-Laws provides for indemnification, to the maximum extent permitted from time to time under the law of the State of Delaware, of all persons covered by Section 145.

The Registrant's current directors' and officers' insurance policies cover directors and officers of the Registrant and its subsidiaries.

Item 7. Exemptions from Registration Claimed.

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Not applicable.

Item 8. Exhibits.

Exhibit Number	Description
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4.1	Articles FOURTH, SEVENTH, TENTH and ELEVENTH and paragraph (k) of Article EIGHTH of the Registrant's Certificate of Incorporation restated effective October 24, 1983, as amended February 14, 1985, December 3, 1986, February 18, 1987 and November 18, 1988 and the Certificate of Designation of the Series B ESOP Preferred Stock of the Registrant (filed as Exhibit 3(a) of the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1991 (File No. 1-5667) and incorporated by reference herein).
4.2	Sections 2, 9 and 15 of the Registrant's By-Laws as of January 11, 1991 (filed as Exhibit 3(b) of the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1991 (File No. 1-5667) and incorporated herein by reference).
4.3	Rights Agreement, dated as of November 14, 1986, amended and restated as of August 12, 1988 and as amended on November 9, 1990, between the Registrant and The First National Bank of Boston, as Rights Agent (filed as Exhibit 4(a) of the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1990 (File No. 1-5667) and incorporated herein by reference).
23	Consent of Coopers & Lybrand, filed herewith.
24	Power of Attorney, filed herewith.
99	Equity Incentive Plan, as amended, filed herewith.

## Item 9. Undertakings.

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The undersigned Registrant hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933 (the "Securities Act");

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change in such information in this Registration Statement;

Provided, however, that paragraphs (a)(i) and (a)(ii) do not ----- apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to section 13 or section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(b) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 6 above or otherwise, the Registrant has been

advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Boston, Commonwealth of Massachusetts, on May 13, 1994.

## CABOT CORPORATION

By /s/ Samuel W. Bodman

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 Samuel W. Bodman  
 Chairman of the Board  
 and President

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
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(i) Principal Executive Officer	Director, Chairman of the Board, President and Chief Executive Officer	May 13, 1994
/s/ Samuel W. Bodman -----		
(ii) Principal Financial Officer	Director, Vice Chairman of the Board and Chief Financial Officer	May 13, 1994
/s/ John G.L. Cabot -----		
(iii) Principal Accounting Officer	Vice President and Controller	May 13, 1994
/s/ William R. Thompson -----		
(iv) A Majority of the Board of Directors		
* ----- (Damaris Ames)	Director	May 13, 1994
* ----- (Jane C. Bradley)	Director	May 13, 1994
/s/ Kennett F. Burnes ----- (Kennett F. Burnes)	Director	May 13, 1994

Signature -----	Title -----	Date -----
* ----- (Robert A. Charpie)	Director	May 13, 1994
/s/ John D. Curtin, Jr. ----- (John D. Curtin, Jr.)	Director	May 13, 1994
* ----- (Robert P. Henderson)	Director	May 13, 1994
* ----- (Arnold S. Hiatt)	Director	May 13, 1994
----- (Gerrit Jeelof)	Director	May 13, 1994
----- (John H. McArthur)	Director	May 13, 1994
* ----- (John F. O'Brien)	Director	May 13, 1994
* ----- (David V. Ragone)	Director	May 13, 1994
* ----- (Charles P. Siess, Jr.)	Director	May 13, 1994
* ----- (Morris Tanenbaum)	Director	May 13, 1994

By /s/ Charles D. Gerlinger  
-----  
(Charles D. Gerlinger)  
As Attorney-in-Fact\*

\* By authority of power of attorney filed as Exhibit 24 to this Registration Statement.

## EXHIBIT INDEX

Exhibit Number -----	Page -----
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23	Consent of Coopers & Lybrand, filed herewith.
24	Power of Attorney, filed herewith.
99	Equity Incentive Plan, as amended, filed herewith.

## CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Directors and Stockholders  
of Cabot Corporation

We consent to the incorporation by reference in the Registration Statement of Cabot Corporation on Form S-8 of our reports dated October 29, 1993, on our audits of the consolidated financial statements and financial statement schedules of Cabot Corporation as of September 30, 1993 and 1992, and for the years ended September 30, 1993, 1992 and 1991, which reports are incorporated by reference in and included in the Company's 1993 Annual Report on Form 10-K. We also consent to the reference to our firm under the caption "Experts" in the Prospectus.

/S/ COOPERS & LYBRAND  
COOPERS & LYBRAND

Boston, Massachusetts  
May 13, 1994

## POWER OF ATTORNEY

We, the undersigned officers and directors of Cabot Corporation, hereby severally constitute and appoint Robert Rothberg and Charles D. Gerlinger our true and lawful attorneys with full power to sign for us, and in our names in the capacities indicated below, the Registration Statement filed with the Securities and Exchange Commission for the purpose of registering certain shares of Common Stock of Cabot Corporation, \$1.00 par value, to be issued pursuant to the Equity Incentive Plan and any and all amendments thereto and hereby ratifying and confirming our signatures as they may be signed by our said attorney to said Registration Statement and to any and all amendments thereto.

WITNESS our hands and common seal on the date set forth below.

Signature -----	Title -----	Date ----
/S/Samuel W. Bodman ----- Samuel W. Bodman	Director, Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	May 13, 1994
/S/John G.L. Cabot ----- John G.L. Cabot	Director, Vice Chairman of the Board and Chief Financial Officer (Principal Financial Officer)	May 13, 1994
/S/William R. Thompson ----- William R. Thompson	Vice President and Controller (Principal Accounting Officer)	May 13, 1994
/S/Damaris Ames ----- Damaris Ames	Director	May 13, 1994
/S/Jane C. Bradley ----- Jane C. Bradley	Director	May 13, 1994
/S/Kennett F. Burnes ----- Kennett F. Burnes	Director and Executive Vice President	May 13, 1994
/S/Robert A. Charpie ----- Robert A. Charpie	Director	May 13, 1994

Signature -----	Title -----	Date -----
/S/John D. Curtin, Jr. ----- John D. Curtin, Jr.	Director and Executive Vice President	May 13, 1994
/S/Robert P. Henderson ----- Robert P. Henderson	Director	May 13, 1994
/S/Arnold S. Hiatt ----- Arnold S. Hiatt	Director	May 13, 1994
----- Gerrit Jeelof	Director	May 13, 1994
----- John H. McArthur	Director	May 13, 1994
/S/John F. O'Brien ----- John F. O'Brien	Director	May 13, 1994
/S/David V. Ragone ----- David V. Ragone	Director	May 13, 1994
/S/Charles P. Siess, Jr. ----- Charles P. Siess, Jr.	Director	May 13, 1994
/S/Morris Tanenbaum ----- Morris Tanenbaum	Director	May 13, 1994

CABOT CORPORATION  
EQUITY INCENTIVE PLAN

1. PURPOSE

The purpose of this Equity Incentive Plan (the "Plan") is to advance the interests of Cabot Corporation, (the "Company") by enhancing its ability to (a) attract and retain employees and other persons or entities 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 through ownership of shares of the Company's common stock ("Stock").

The Plan is intended to accomplish these goals by enabling the Company to grant Awards in the form of Options, Appreciation Rights (as described in Section 6.2), Restricted Stock or Unrestricted Stock Awards (as described in Section 6.3), Deferred Stock Awards (as described in Section 6.4), Performance Awards (as described in Section 6.5), or loans or supplemental grants (as described in Section 6.6), or combinations thereof.

2. ADMINISTRATION

The Plan will be administered by the Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board"). 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 at such time or times as it may choose; (b) determine the size of each Award, including the number of shares of Stock subject to the Award; (c) determine the type or types of each Award; (d) determine the terms and conditions of each Award; (e) waive compliance by a Participant with any obligation to be performed by the him or her under an Award and waive any term or condition of an Award; (f) with the consent of the Participant, cancel an existing Award in whole or in part; (g) grant the Participant another Award to replace an Award or portion thereof that has been canceled; (h) prescribe the form or forms of instruments that are required under the Plan, including any written notices and elections required of Participants or are deemed appropriate by the Committee, and change such forms from time to time; (i) adopt, amend and rescind rules and regulations for the administration of the Plan; and (j) 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.

The Committee will consist of at least three directors. A majority of the members of the Committee will constitute a quorum, and all determinations of the Committee must be made by a majority of its members. All members of the Committee must be disinterested persons within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934 (the "1934 Act").

### 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. Grants of Awards under the Plan may be made prior to that date (but after Board adoption of the Plan), subject to such approval of the Plan.

No Award may be granted under the Plan after the tenth anniversary of the date on which the 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 below, the maximum number of shares of Stock that may be delivered under the Plan will be 1,787,668. If any Award requiring exercise by the Participant for delivery of Stock terminates without having been exercised in full, or if any Award payable in Stock or cash is satisfied in cash rather than Stock, the number of shares of Stock as to which such Award was not exercised or for which cash was substituted will be available for future grants.

Stock delivered under the Plan may be either authorized but unissued Stock or previously issued Stock acquired by the Company and held in its treasury. No fractional shares of Stock will be delivered under the Plan.

### 5. ELIGIBILITY AND PARTICIPATION

Those eligible to receive Awards under the Plan will be persons in the employ 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 will be a corporation in which the Company owns, directly or indirectly, stock possessing 50% or more of the total combined voting power of all classes of stock. The Committee will from time to time select the eligible Employees who are to be granted Awards ("Participants").

### 6. TYPES OF AWARDS

#### 6.1. 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 422A 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". Instruments evidencing ISOs must contain such provisions as are required under applicable provisions of the Code. 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

subject to the following:

(1) The exercise price of an Option which is not an ISO may be either (i) any amount which is not less than 50% of the fair market value (as defined in Section 8.8) per share of the Stock at the time the Option is granted or (ii) the par value per share of the Stock.

(2) The exercise price of an ISO may not be less than 100% (110% in the case of an ISO granted to a ten-percent shareholder) of the fair market value per share of the Stock at the time the Option is granted. A "ten-percent shareholder" is any person who at the time of grant owns directly or indirectly, or is deemed to own by reason of the attribution rules of section 425(d) of the Code, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any of its subsidiaries.

(3) In no case may the exercise price paid for Stock which is part of an original issue of authorized Stock be less than the par value per share of the Stock.

(4) The Committee may reduce the exercise price of an Option at any time after the time of grant with the consent of the Participant, but the Option will be treated as a new Option granted on the date of the reduction.

(c) Duration of Options. The latest date on which an Option may be exercised will be the tenth anniversary (fifth anniversary, in the case of an ISO granted to a ten-percent shareholder) 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 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 in accordance with paragraph (e) below for the number of shares for which the Option is exercised.

(e) Payment for Stock. Stock purchased on exercise of an Option must be paid for as follows: (1) in cash or by check (acceptable to the Company in accordance with guidelines established for this purpose), bank draft or money order payable to the order of the Company or (2) if so permitted by the instrument evidencing the Option (or in the case of an Option which is not an ISO, by the Committee at or after grant of the Option), (i) through the delivery of shares of Stock which have been outstanding for at least six months (unless the Committee expressly approves a shorter period) and which have a fair market value on the last business day preceding the date of exercise equal to the exercise price, or (ii) by delivery of a promissory note of the Option holder to the Company, payable on such terms as are specified by the Committee (provided that, if the Stock delivered upon exercise of the Option is an original issue of authorized Stock, at least so much of the exercise price as represents the par value of such Stock must be paid in cash), or (iii) by delivery of an unconditional and irrevocable undertaking by a broker to deliver promptly to the Company sufficient funds to pay the exercise price, or (iv) by any combination of the permissible forms of payment.

(f) Discretionary Payments. If the market price of shares of Stock subject to an Option (other than an option which is in tandem with an Appreciation Right as described in Section 6.2 below)

exceeds the exercise price of the Option at the time of its exercise, the Committee may cancel the Option and cause the Company to pay in cash to the person exercising the Option an amount equal to the difference between the fair market value of the Stock which would have been purchased pursuant to the exercise (determined on the date the Option is cancelled) and the aggregate exercise price which would have been paid. The Committee may exercise its discretion to take such action only if it has received a written request from the person exercising the Option, but such a request will not be binding on the Committee.

(g) Special Rule for ISOs. Consistent with section 422A of the Code and any associated regulations, notices or other official pronouncements of general applicability, to the extent the aggregate fair market value (determined as of the time the Option is granted) of the shares of Stock with respect to which ISOs are exercisable for the first time by the optionee during any calendar year (under all plans of the Company and its subsidiaries) exceeds \$100,000, such Options shall not be treated as ISOs. Nothing in this special rule shall be construed as limiting the exercisability of any Option unless the Board provides for such a limitation at time of grant.

## 6.2. 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.

(b) Grant of Appreciation Rights. Appreciation Rights may be granted in tandem with, or independently of, Options granted under the Plan. An Appreciation Right granted in tandem with an Option which is not an ISO may be granted either at or after the time the Option is granted. An Appreciation Right granted in tandem with an ISO may be granted only at the time the Option is granted.

(c) Rules Applicable to Tandem Awards. When Appreciation Rights are granted in tandem with Options, the following will apply:

(1) The Appreciation Right will be exercisable only at such time or times, and to the extent, that the related Option is exercisable and will be exercisable in accordance with the procedure required for exercise of the related Option.

(2) The Appreciation Right will terminate and no longer be exercisable upon the termination or exercise of the related Option, except that an Appreciation Right granted with

respect to less than the full number of shares covered by an Option will not be reduced until the number of shares as to which the related Option has been exercised or has terminated exceeds the number of shares not covered by the Appreciation Right.

(3) The Option will terminate and no longer be exercisable upon the exercise of the related Appreciation Right.

(4) The Appreciation Right will be transferable only with the related Option.

(5) An Appreciation Right granted in tandem with an ISO may be exercised only when the market price of the Stock subject to the Option exceeds the exercise price of such option.

(d) Exercise of Independent Appreciation Rights. An Appreciation Right not granted in tandem with an Option will become exercisable at such time or times, and on such conditions, as the Committee may specify. The Committee may at any time accelerate the time at which all or any part of the Right may be exercised.

Any exercise of an independent Appreciation Right must be in writing, signed by the proper person and delivered or mailed to the Company, accompanied by any other documents required by the Committee.

### 6.3. RESTRICTED AND UNRESTRICTED STOCK.

(a) Nature of Restricted Stock Award. A Restricted Stock Award entitles the recipient to acquire shares of Stock subject to the restrictions described in paragraph (d) below ("Restricted Stock") for a price which may be either (i) any amount which is not less than 50% of the fair market value of the Stock at the time of purchase or (ii) the par value per share of the Stock.

(b) Acceptance of Award. A Participant who is granted a Restricted Stock Award will have no rights with respect to such Award unless, within 60 days (or such shorter period as the Committee may specify) following the date of the Award, the Participant accepts the Award by written instrument delivered or mailed to the Company accompanied by payment in full of the specified purchase price, if any, of the shares covered by the Award. Payment may be by certified or bank check or other instrument acceptable to the Committee.

(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. Unless the Committee otherwise determines, certificates evidencing shares of Restricted Stock will remain in the possession of the Company until such shares are free of all restrictions under the Plan.

(d) Restrictions. Except as otherwise specifically provided by the Plan, until these restrictions lapse Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of, and if the Participant ceases to be an Employee, must be resold to the Company for the amount of cash paid for the Stock, or forfeited to the Company if no cash was paid. The restrictions will lapse at such time or times, and on such conditions, as the Committee may specify. The Committee may at any time accelerate the time at which the restrictions on all or any part of the shares will lapse.

(e) Notice of Election. Any Participant making an election under Section 83(b) of the Code

with respect to a share of Restricted Stock must provide a copy thereof to the Company within 10 days of the filing of such election with the Internal Revenue Service.

(f) Other Awards Settled with Restricted Stock. The Committee may, at the time any Award described in this Section 6 is granted, provide that any or all the Stock delivered pursuant to the Award will be Restricted Stock.

(g) Unrestricted Stock. The Committee may, in its sole discretion, sell to any Participant shares of Stock free of restrictions under the Plan for a price which may be either (i) any amount which is not less than 50% of the fair market value of the Stock at the time of purchase or (ii) the par value per share of the Stock.

#### 6.4. DEFERRED STOCK.

(a) Nature of Deferred Stock Award. A Deferred Stock Award entitles the recipient to receive shares of Deferred Stock which is Stock to be delivered in the future. Delivery of the Stock will take place at such time or times, and on such conditions, as the Committee may specify. The Committee may at any time accelerate the time at which delivery of all or any part of the Stock will take place.

(b) Other Awards Settled with Deferred Stock. The Committee may, at the time any Award described in this Section 6 is granted, provide that, at the time Stock would otherwise be delivered pursuant to the Award, the Participant will instead receive an instrument evidencing the right to future delivery of Deferred Stock.

#### 6.5. PERFORMANCE AWARDS; PERFORMANCE GOALS.

(a) Nature of Performance Awards. A Performance Award entitles the recipient to receive, without payment, an amount, in cash or Stock or a combination thereof (such form to be determined by the Committee), following the attainment of Performance Goals. Performance 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 Goals, the period or periods during which performance is to be measured and all other terms and conditions applicable to the Award.

(b) Other Awards Subject to Performance Conditions. The Committee may, at the time any Award described in this Section 6 is granted, impose the condition (in addition to any conditions specified or authorized in this Section 6 or any other provision of the Plan) that Performance Goals be met prior to the Participant's realization of any payment or benefit under the Award.

#### 6.6. LOANS AND SUPPLEMENTAL GRANTS.

The Company may make a loan to a Participant, either on or after the grant to him or her of any Award. Such a loan may be made either in connection with the purchase of Stock under the Award or with the payment of any federal income tax in respect of income recognized as a result of the Award. The Committee will have full authority to decide whether to make such a loan and to determine the amount, terms and conditions of the loan, including the interest rate (which may be zero), whether the loan is to be secured or unsecured or with or without recourse against the

borrower, the terms on which the loan is to be repaid and the conditions, if any, under which it may be forgiven. However, no loan may have a term (including extensions) exceeding ten years in duration.

In connection with any Award the Committee may at the time such Award is made or at a later date, provide for and make a cash payment to the Participant not to exceed an amount equal to (a) the amount of any federal, state and local income tax on ordinary income for which the Participant will be liable with respect to the Award, plus (b) an additional amount on a grossed-up basis necessary to make him or her whole after tax, discharging all the Participant's income tax liabilities arising from all payment under this Section 6. Any cash payments under this Section 6 will be made at the time the Participant incurs federal income tax liability with respect to the Award.

## 7. EVENTS AFFECTING OUTSTANDING AWARDS

### 7.1. RETIREMENT, DEATH AND DISABILITY.

If a Participant ceases to be an Employee by reason of retirement with consent of the Company after attainment of age 62, 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 by 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 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 Deferred Stock Award, Performance Award, or supplemental grant 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 (but any loan will continue to be payable according to its terms), 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, 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 6.3 above.

(c) Any payment or benefit under a Deferred Stock Award, Performance Award, or supplemental grant to which the Participant has not become irrevocably entitled will be forfeited and the Award canceled, and any loan will become due and payable, 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, or (2) in the case of a transfer of employment between the Company and an affiliated company or between affiliated companies, or to the employment of a corporation (or a parent or subsidiary corporation of such corporation) issuing or assuming an Award in a transaction to which section 425(a) of the Code applies.

#### 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 Deferred Stock Awards, Performance Awards, and supplemental grants 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. 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 (as defined in Section 8.8) 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: In the event that 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.

#### 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.

If an Award is exercised by the Participant's legal representative, the Company will be under no obligation to deliver Stock pursuant to such exercise until the Company is satisfied as to the authority of such representative.

#### 8.4. TAX WITHHOLDING.

The Company will withhold from any cash 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 (within the meaning of section 425(c) of the Code) 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 (other than an Award in the form of an outright transfer of cash or unrestricted Stock) 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 FAIR MARKET VALUE.

For purposes of the Plan, fair market value of a share of Stock on any date will be the last sale price, regular way, at which the Stock is traded on such date (or if no trades were made on such date, the last date on which such trades were made) as reflected in the New York Stock Exchange Composite Transactions Index or, where necessary in order to achieve the intended federal income tax result, the value of a share of Stock as determined by the Committee in accordance with the applicable provisions of the Code.

8.9 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.

8.10 PAST SERVICES AS CONSIDERATION.

Where a Participant purchases Stock under an Award for a price equal to the par value of the Stock, the Committee may determine that such price has been satisfied by past services rendered by the Participant.

9. EFFECT, DISCONTINUANCE, CANCELLATION, AMENDMENT AND TERMINATION

Neither adoption of the Plan nor the grant of Awards to a Participant will affect the Company's right to grant to such Participant awards that are not subject to the Plan, to issue to such Participant Stock as a bonus or otherwise, or to adopt other plans or arrangements under which Stock may be issued to Employees.

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 (where such approval is necessary to satisfy then-applicable requirements of Rule 16b-3 of the 1934 Act or of any federal tax law relating to incentive stock options), (a) increase the maximum number of shares available under the Plan, (b) change the group of persons eligible to receive Awards under the Plan, (c) extend the time within which Awards may be granted, or (d) 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 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 35% or more of the combined voting power of the Company's then outstanding securities; provided, however, that in determining such percentage of beneficial ownership, any shares beneficially owned by individuals, trusts and/or other entities who partially or wholly comprise such a 'person' and who were, as of September 9, 1988, in the aggregate, the beneficial owners of 20% or more of the shares of the common stock then outstanding shall not be counted;

(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) in which no 'person' (with the exception given and the method of determining 'beneficial ownership' used in clause (a) of this definition) acquires more than 50% of the combined voting power of the Company's then outstanding securities; 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 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.