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

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**FORM 10-Q**

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- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2013

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

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**Cabot Corporation**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State of Incorporation)

**04-2271897**  
(I.R.S. Employer  
Identification No.)

**Two Seaport Lane**  
**Boston, Massachusetts**  
(Address of principal executive offices)

**02210-2019**  
(Zip Code)

**Registrant's telephone number, including area code: (617) 345-0100**

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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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  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 February 3, 2014 the Company had 64,374,176 shares of Common Stock, par value \$1.00 per share, outstanding.**

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CABOT CORPORATION

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CONSOLIDATED STATEMENTS OF OPERATIONS  
UNAUDITED**

	<b>Three Months Ended December 31</b>	
	<b>2013</b>	<b>2012</b>
	<b>(In millions, except per share amounts)</b>	
Net sales and other operating revenues	\$ 899	\$ 820
Cost of sales	720	673
Gross profit	179	147
Selling and administrative expenses	77	73
Research and technical expenses	16	19
Income from operations	86	55
Interest and dividend income	1	1
Interest expense	(14)	(16)
Other income	35	1
Income from continuing operations before income taxes and equity in earnings of affiliated companies	108	41
Provision for income taxes	(24)	(19)
Equity in earnings of affiliated companies, net of tax	2	3
Income from continuing operations	86	25
Loss from discontinued operations, net of tax	—	(1)
Net income	86	24
Net income attributable to noncontrolling interests, net of tax	6	4
Net income attributable to Cabot Corporation	\$ 80	\$ 20
Weighted-average common shares outstanding, in millions:		
Basic	64.2	63.5
Diluted	64.8	64.1
Income per common share:		
Basic:		
Income from continuing operations attributable to Cabot Corporation	\$ 1.24	\$ 0.33
Loss from discontinued operations	—	(0.02)
Net income attributable to Cabot Corporation	\$ 1.24	\$ 0.31
Diluted:		
Income from continuing operations attributable to Cabot Corporation	\$ 1.23	\$ 0.33
Loss from discontinued operations	—	(0.02)
Net income attributable to Cabot Corporation	\$ 1.23	\$ 0.31
Dividends per common share	\$ 0.20	\$ 0.20

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

**CABOT CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**UNAUDITED**

	<b>Three months ended December 31</b>	
	<b>2013</b>	<b>2012</b>
	<b>(In millions)</b>	
Net income	\$ 86	\$ 24
Other comprehensive (loss) income, net of tax		
Foreign currency translation adjustment (net of tax of \$- and (\$7))	(21)	14
Unrealized gain and losses on investments		
Unrealized holding gains arising during the period (net of tax of \$- and \$-)	—	1
Pension and other postretirement benefit liability adjustments		
Amortization of net loss and prior service benefit included in net periodic pension cost (net of tax of \$- and \$1)	—	1
Other comprehensive (loss) income	(21)	16
Comprehensive income	65	40
Net income attributable to noncontrolling interests, net of tax	6	4
Noncontrolling interests foreign currency translation adjustment, net of tax	(1)	1
Comprehensive income attributable to noncontrolling interests, net of tax	5	5
Comprehensive income attributable to Cabot Corporation	\$ 60	\$ 35

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

**CABOT CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
**ASSETS**  
**UNAUDITED**

	December 31, 2013	September 30, 2013
	(In millions)	
Current assets:		
Cash and cash equivalents	\$ 105	\$ 95
Accounts and notes receivable, net of reserve for doubtful accounts of \$12 and \$8	696	634
Inventories:		
Raw materials	128	102
Work in process	2	2
Finished goods	339	310
Other	44	44
Total inventories	513	458
Prepaid expenses and other current assets	65	58
Notes receivable from sale of business	215	214
Deferred income taxes	21	36
Total current assets	1,615	1,495
Property, plant and equipment, net	1,641	1,605
Goodwill	559	504
Equity affiliates	78	119
Intangible assets, net	364	310
Assets held for rent	53	49
Deferred income taxes	62	68
Other assets	83	83
Total assets	<u>\$ 4,455</u>	<u>\$ 4,233</u>

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

**CABOT CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
**LIABILITIES AND STOCKHOLDERS' EQUITY**  
**UNAUDITED**

	December 31, 2013	September 30, 2013
	(In millions, except share and per share amounts)	
Current liabilities:		
Notes payable	\$ 421	\$ 264
Accounts payable and accrued liabilities	487	534
Income taxes payable	38	30
Deferred income taxes	4	2
Current portion of long-term debt	19	14
Total current liabilities	<u>969</u>	<u>844</u>
Long-term debt	1,026	1,020
Deferred income taxes	32	21
Other liabilities	264	265
Redeemable preferred stock	28	—
Commitments and contingencies (Note I)		
Stockholders' equity:		
Preferred stock:		
Authorized: 2,000,000 shares of \$1 par value		
Issued and Outstanding: None and none	—	—
Common stock:		
Authorized: 200,000,000 shares of \$1 par value		
Issued: 64,612,793 and 64,223,985 shares		
Outstanding: 64,360,252 and 63,970,502 shares	65	64
Less cost of 252,541 and 253,483 shares of common treasury stock	(8)	(8)
Additional paid-in capital	43	39
Retained earnings	1,822	1,755
Deferred employee benefits	—	(2)
Accumulated other comprehensive income	83	103
Total Cabot Corporation stockholders' equity	<u>2,005</u>	<u>1,951</u>
Noncontrolling interests	131	132
Total stockholders' equity	<u>2,136</u>	<u>2,083</u>
Total liabilities and stockholders' equity	<u>\$ 4,455</u>	<u>\$ 4,233</u>

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

**CABOT CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**UNAUDITED**

	Three months ended December 31	
	2013	2012
	(In millions)	
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 86	\$ 24
Adjustments to reconcile net income to cash used in operating activities:		
Depreciation and amortization	51	49
Impairment of assets	3	—
Deferred tax provision	3	5
Gain on existing investment in NHUMO	(29)	—
Equity in earnings of affiliated companies	(2)	(3)
Non-cash compensation	4	3
Other	2	—
Changes in assets and liabilities:		
Accounts and notes receivable	(34)	62
Inventories	(39)	(55)
Prepaid expenses and other current assets	(13)	(11)
Accounts payable and accrued liabilities	(62)	(91)
Income taxes payable	4	(33)
Other liabilities	(7)	(2)
Cash dividends received from equity affiliates	17	3
Other	(2)	(2)
Cash used in operating activities	<u>(18)</u>	<u>(51)</u>
<b>Cash Flows from Investing Activities:</b>		
Additions to property, plant and equipment	(42)	(62)
Receipts from notes receivable from sale of business	—	19
Change in assets held for rent	(4)	(2)
Cash paid for acquisition of business, net of cash acquired of \$7	(73)	—
Cash used in investing activities	<u>(119)</u>	<u>(45)</u>
<b>Cash Flows from Financing Activities:</b>		
Borrowings under financing arrangements	8	1
Repayments under financing arrangements	—	(6)
Proceeds from long-term debt, net of issuance costs	11	81
Repayments of long-term debt	(1)	(8)
Increase in notes payable, net	—	14
Proceeds from issuance of commercial paper, net	149	—
Purchases of common stock	(6)	(6)
Proceeds from sales of common stock	7	4
Cash dividends paid to common stockholders	(13)	(13)
Cash provided by financing activities	<u>155</u>	<u>67</u>
Effect of exchange rate changes on cash	(8)	—
Increase (decrease) in cash and cash equivalents	10	(29)
Cash and cash equivalents at beginning of period	95	120
Cash and cash equivalents at end of period	<u>\$ 105</u>	<u>\$ 91</u>

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



**CABOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013**  
**UNAUDITED**

**A. Basis of Presentation**

The consolidated financial statements include the accounts of Cabot Corporation ("Cabot" or the "Company") and its wholly owned subsidiaries and majority-owned and controlled U.S. and non-U.S. subsidiaries. Additionally, Cabot considers consolidation of entities over which control is achieved through means other than voting rights, of which there were none in the periods presented. Intercompany transactions have been eliminated in consolidation.

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 Annual Report on Form 10-K for the fiscal year ended September 30, 2013 ("2013 10-K").

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, 2013 and 2012. 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.

In November 2013, the Company purchased all of Grupo Kuo S.A.B. de C.V.'s ("KUO") common stock in NHUMO, S.A. de C.V. ("NHUMO"), a carbon black joint venture between the Company and KUO in Mexico, which represented approximately 60% of the outstanding common stock of NHUMO (the "NHUMO transaction"). Prior to this transaction, the Company owned approximately 40% of the outstanding common stock of NHUMO, and the NHUMO entity was accounted for as an equity affiliate of the Company. The financial position, results of operations and cash flows of NHUMO are included in the consolidated company's consolidated financial statements from the date of acquisition.

**B. Significant Accounting Policies**

***Revenue Recognition and Accounts Receivable***

Cabot recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collectability is reasonably assured. Cabot generally is able to ensure that products meet customer specifications prior to shipment. If the Company is unable to determine that the product has met the specified objective criteria prior to shipment or if title has not transferred because of sales terms, the revenue is considered "unearned" and is deferred until the revenue recognition criteria are met.

Shipping and handling charges related to sales transactions are recorded as sales revenue when billed to customers or included in the sales price.

**CABOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013**  
**UNAUDITED**

The following table shows the relative size of the revenue recognized in each of the Company's reportable segments:

	Three months ended December 31	
	2013	2012
Reinforcement Materials	59%	59%
Performance Materials	25%	24%
Purification Solutions	9%	12%
Advanced Technologies	7%	5%

Cabot derives the substantial majority of its revenues from the sale of products in Reinforcement Materials and Performance Materials. Revenue from these products is typically recognized when the product is shipped and title and risk of loss have passed to the customer. The Company offers certain of its customers cash discounts and volume rebates as sales incentives. The discounts and volume rebates are recorded as a reduction in sales at the time revenue is recognized and are estimated based on historical experience and contractual obligations. Cabot periodically reviews the assumptions underlying its estimates of discounts and volume rebates and adjusts its revenues accordingly.

Revenue in Purification Solutions is typically recognized when the product is shipped and title and risk of loss have passed to the customer. For major activated carbon injection systems projects, revenue is recognized using the percentage-of-completion method.

Revenue in Advanced Technologies, excluding the Specialty Fluids Business, is typically recognized when the product is shipped and title and risk of loss have passed to the customer. Depending on the nature of the contract with the customer, a portion of the segment's revenue may be recognized using proportional performance. Cabot has technology and licensing agreements with one customer that are accounted for as multiple element arrangements. Revenue is recognized ratably over the term of the agreements, limited by the cumulative amounts that become due, some of which are through 2022.

A significant portion of the revenue in the Specialty Fluids Business, included in Advanced Technologies, arises from the rental of cesium formate. This revenue is recognized throughout the rental period based on the contracted rental terms. Customers are also billed and revenue is recognized, typically at the end of the job, for cesium formate product that is not returned. The Company also generates revenues from cesium formate sold outside of a rental process and revenue is recognized upon delivery of the fluid.

Cabot maintains allowances for doubtful accounts based on an assessment of the collectability of specific customer accounts, the aging of accounts receivable and other economic information on both a historical and prospective basis. Customer account balances are charged against the allowance when it is probable the receivable will not be recovered. There is no off-balance sheet credit exposure related to customer receivable balances.

#### ***Property, Plant and Equipment***

Property, plant and equipment are recorded at cost. Depreciation of property, plant and equipment is calculated using the straight-line method over the estimated useful lives. The depreciable lives for buildings, machinery and equipment, and other fixed assets are twenty to twenty-five years, ten to twenty-five years, and three to twenty-five years, respectively. The cost and accumulated depreciation for property, plant and equipment sold, retired, or otherwise disposed of are removed from the Consolidated Balance Sheets and resulting gains or losses are included in earnings in the Consolidated Statements of Operations. Expenditures for repairs and maintenance are charged to expenses as incurred. Expenditures for major renewals and betterments, which significantly extend the useful lives of existing plant and equipment, are capitalized and depreciated.

**CABOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013**  
**UNAUDITED**

***Intangible Assets and Goodwill***

The Company records tangible and intangible assets acquired and liabilities assumed in business combinations under the acquisition method of accounting. Amounts paid for an acquisition are allocated to the assets acquired and liabilities assumed based on their fair values at the date of acquisition. Goodwill is comprised of the purchase price of business acquisitions in excess of the fair value assigned to the net tangible and identifiable intangible assets acquired. Goodwill is not amortized but is reviewed for impairment annually, as of May 31, or when events or changes in the business environment indicate that the carrying value of the reporting unit may exceed its fair value. A reporting unit, for the purpose of the impairment test, is at or below the operating segment level, and constitutes a business for which discrete financial information is available and regularly reviewed by segment management. The separate businesses included within Performance Materials and Advanced Technologies are considered separate reporting units. Goodwill balances relative to these segments are recorded in the Fumed Metal Oxides reporting unit within Performance Materials and the Security Materials reporting unit within Advanced Technologies.

For the purpose of the goodwill impairment test, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value amount and as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. Alternatively, the Company may elect to proceed directly to the two-step goodwill impairment test. If an initial qualitative assessment identifies that it is more likely than not that the carrying value of a reporting unit exceeds its estimated fair value, an additional quantitative evaluation is performed under the two-step impairment test. If based on the quantitative evaluation the fair value of the reporting unit is less than its carrying amount, the Company performs an analysis of the fair value of all assets and liabilities of the reporting unit. If the implied fair value of the reporting unit's goodwill is determined to be less than its carrying amount, an impairment is recognized for the difference. The fair value of a reporting unit is based on discounted estimated future cash flows. The assumptions used to estimate fair value include management's best estimates of future growth rates, operating cash flows, capital expenditures, and discount rates over an estimate of the remaining operating period at the reporting unit level. Should the fair value of any of our reporting units decline because of reduced operating performance, market declines, or other indicators of impairment, or as a result of changes in the discount rate, charges for impairment may be necessary.

The Company uses assumptions and estimates in determining the fair value of assets acquired and liabilities assumed in a business combination. The determination of the fair value of intangible assets requires the use of significant judgment with regard to (i) assumptions used in the valuation model; and (ii) determination of the intangible assets' useful lives. The Company estimates the fair value of identifiable acquisition-related intangible assets principally based on projections of cash flows that will arise from these assets. The projected cash flows are discounted to determine the fair value of the assets at the dates of acquisition. The Company reviews definite-lived intangible assets for impairment when indication of potential impairment exists, such as a significant reduction in cash flows associated with the assets. Actual cash flows arising from a particular intangible asset could vary from projected cash flows which could imply different carrying values from those established at the dates of acquisition and which could result in impairment of such asset.

The Company evaluates indefinite-lived intangible assets for impairment annually or when events occur or circumstances change that may reduce the fair value of the asset below its carrying amount. The annual review is performed as of May 31. The Company may first perform a qualitative assessment to determine whether it is necessary to perform the quantitative impairment test or bypass the qualitative assessment and proceed directly to performing the quantitative impairment test. The quantitative impairment test is based on discounted estimated future cash flows. The assumptions used to estimate fair value include management's best estimates of future growth rates and discount rates over an estimate of the remaining operating period at the unit of accounting level. The Company's intangible assets are primarily comprised of trademarks, customer relationships, patented and unpatented technology and other intellectual property. Finite lived intangible assets are amortized over their estimated useful lives.

**CABOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013**  
**UNAUDITED**

***Long-lived Assets***

The Company's long-lived assets primarily include property, plant and equipment, long-term investments and assets held for rent. The carrying values of long-lived assets are reviewed for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be recoverable. An asset impairment is recognized when the carrying value of the asset is not recoverable based on the probability-weighted undiscounted estimated future cash flows to be generated by the asset. The Company's estimates reflect management's assumptions about selling prices, production and sales volumes, costs and market conditions over an estimate of the remaining operating period. If an impairment is indicated, the asset is written down to fair value. If the asset does not have a readily determinable market value, a discounted cash flow model may be used to determine the fair value of the asset. The key inputs to the discounted cash flow would be the same as the undiscounted cash flow noted above, with the addition of the discount rate used. In circumstances when an asset does not have separate identifiable cash flows, an impairment charge is recorded when the Company no longer intends to use the asset.

To test for impairment of assets the Company generally uses a probability-weighted estimate of the future undiscounted net cash flows of the assets over their remaining lives to determine if the value of the asset is recoverable. Long-lived assets are grouped with other assets and liabilities at the lowest level for which independent identifiable cash flows are determinable.

***Income Tax in Interim Periods***

The Company records its tax provision or benefit on an interim basis using an estimated annual effective tax rate. This rate is applied to the current period ordinary income or loss to determine the income tax provision or benefit allocated to the interim period. Losses from jurisdictions for which no benefit can be recognized and the income tax effects of unusual or infrequent items are excluded from the estimated annual effective tax rate and are recognized in the impacted interim period.

Valuation allowances are provided against the future tax benefits that arise from the deferred tax assets in jurisdictions for which no benefit can be recognized. The estimated annual effective tax rate may be significantly impacted by nondeductible expenses and the Company's projected earnings mix by tax jurisdiction. Adjustments to the estimated annual effective income tax rate are recognized in the period when such estimates are revised.

***Inventory Valuation***

Inventories are stated at the lower of cost or market. The cost of all carbon black inventories in the U.S. is determined using the last-in, first-out ("LIFO") method. Had the Company used the first-in, first-out ("FIFO") method instead of the LIFO method for such inventories, the value of those inventories would have been \$55 million higher as of both December 31, 2013 and September 30, 2013. The cost of Specialty Fluids inventories is determined using the average cost method. The cost of other U.S. and non-U.S. inventories is determined using the FIFO method.

Cabot reviews inventory for both potential obsolescence and potential declines in anticipated selling prices. In this review, the Company makes assumptions about the future demand for and market value of the inventory, and based on these assumptions estimates the amount of any obsolete, unmarketable, slow moving or overvalued inventory. Cabot writes down the value of these inventories by an amount equal to the difference between the cost of the inventory and its estimated market value.

***Pensions and Other Postretirement Benefits***

The Company recognizes the funded status of defined benefit pension and other postretirement benefit plans as an asset or liability. This amount is defined as the difference between the fair value of plan assets and the benefit obligation. The Company is required to recognize as a component of other comprehensive income, net of tax, the actuarial gains/losses and prior service costs/credits that arise but were not previously required to be recognized as components of net periodic benefit cost. Other comprehensive income is adjusted as these amounts are later recognized in income as components of net periodic benefit cost.

**CABOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013**  
**UNAUDITED**

**Accumulated Other Comprehensive Income**

Accumulated other comprehensive income ("AOCI"), which is included as a component of stockholders' equity, includes unrealized gains or losses on available-for-sale marketable securities, currency translation adjustments in foreign subsidiaries, translation adjustments on foreign equity securities and pension liability adjustments.

At the beginning of fiscal 2014, the Company adopted new accounting guidance for the presentation of amounts reclassified from AOCI. The guidance specifically requires, either on the face of the financial statements or in the notes, presentation of significant amounts reclassified from AOCI to net income for each component of AOCI and the respective line items within the Consolidated Statements of Operations. These disclosures are included in Note H to the consolidated financial statements.

Accumulated other comprehensive items in the accompanying Consolidated Balance Sheets consist of the following items net of tax:

	<u>December 31,</u> <u>2013</u>	<u>September 30,</u> <u>2013</u>
Foreign currency translation adjustments at beginning of period	\$ 154	\$ 167
Net foreign currency translation adjustments during the period	(20)	(13)
Balance at end of period	134	154
Unrealized gain on investments at beginning of period	2	—
Net unrealized gains during the period	—	2
Balance at end of period	2	2
Pension and other postretirement benefit plans at beginning of period	(53)	(75)
Net change in pension and other postretirement benefit plans during the period	—	22
Balance at end of period	(53)	(53)
Total accumulated other comprehensive income	<u>\$ 83</u>	<u>\$ 103</u>

**Recent Accounting Pronouncements**

In July 2013, the FASB issued a new standard related to the "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists". The standard requires, unless certain conditions exist, an unrecognized tax benefit or a portion of an unrecognized tax benefit be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, similar to a tax loss or a tax credit carryforward. This standard is applicable for fiscal years beginning after December 15, 2013, and for interim periods within those years. Accordingly, the Company will adopt this standard beginning October 1, 2014, the beginning of the first quarter of its 2015 fiscal year. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements and it does not expect the impact to be material.

**C. Acquisition of NHUMO**

In November 2013, the Company purchased all of KUO's common stock in the NHUMO joint venture, which represented approximately 60% of the outstanding common stock of the joint venture. Prior to this transaction, the Company owned approximately 40% of the outstanding common stock of NHUMO, and the NHUMO entity was accounted for as an equity affiliate of the Company.

**CABOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013**  
**UNAUDITED**

At the close of the transaction, the Company paid KUO \$80 million in cash and NHUMO issued redeemable preferred stock to KUO with a redemption value of \$25 million. The preliminary purchase price is subject to a working capital adjustment, which has not been finalized. The preferred stock will accumulate dividends at a fixed rate of 6% annually and will be redeemable at the option of KUO or the Company for \$25 million starting on the fifth anniversary of the acquisition date or upon the occurrence of certain other conditions. Annual payment by NHUMO of the dividends will be contingent on NHUMO achieving a minimum EBITDA (earnings before interest, taxes, depreciation, and amortization) level and if such minimum EBITDA is not achieved in any year, the dividend will be accumulated and paid at the time the preferred shares are redeemed. The preferred stock issued in connection with the transaction is not mandatorily redeemable and has embedded put and call rights at the fixed redemption price. Accordingly, the instrument is accounted for as a financing obligation and has been separately presented in the Consolidated Balance Sheets as a long term liability. Upon acquisition, the Company began consolidating NHUMO into its consolidated financial statements. Prior to closing, the Company received a \$14 million dividend from NHUMO.

The Company incurred acquisition costs of approximately \$1 million through December 31, 2013 associated with the transaction, which are included in Selling and administrative expenses in the Consolidated Statements of Operations.

The allocation of the preliminary purchase price set forth below was based on preliminary estimates of the fair value of assets acquired, liabilities assumed, and Cabot's previously held equity interest in NHUMO as of the acquisition date. The Company is continuing to obtain information to complete its valuation of these accounts and the associated tax accounting.

	(in millions)
<b>Assets</b>	
Cash	\$ 7
Accounts receivable	33
Inventories	14
Property, plant and equipment	48
Other non-current assets	1
Intangible assets	57
Goodwill	51
Total assets acquired	<u>211</u>
<b>Liabilities</b>	
Current liabilities	(18)
Deferred tax liabilities	(31)
Total liabilities assumed	<u>(49)</u>
<b>Net assets acquired</b>	<b>\$ 162</b>
Cash consideration paid	80
Fair value of redeemable preferred stock	28
Previously held equity interest in NHUMO	54
<b>Total</b>	<b><u>\$ 162</u></b>

As a result of the acquisition, the Company recorded a gain of \$29 million for the difference between the carrying value and the fair value of the previously held equity interest in NHUMO, which was included in Other income. The fair value of \$54 million for the previously held equity interest was determined based on the fair value of Cabot's pre-existing interest in NHUMO as adjusted for a control premium derived from synergies gained as a result of the Company obtaining control of NHUMO.

As part of the preliminary purchase price allocation, the Company determined that the separately identifiable intangible asset was customer relationships in the amount of \$57 million, which is being amortized over a period of 17 years. The Company estimated the fair value of the identifiable acquisition-related intangible asset based on projections of cash flows that will arise from the asset. The projected cash flows are discounted to determine the fair value of the asset at the date of acquisition. The determination of the fair value of the intangible asset acquired required the use of significant judgment with regard to (i) assumptions in the discounted cash flow model used and (ii) determination of the useful life of customer relationships.

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The fair value of the redeemable preferred stock was determined based on a discounted cash flow model, using the expected timing of the cash flows and an appropriate discount rate.

The excess of the preliminary purchase price over the fair value of the tangible net assets and intangible asset acquired, the issuance of redeemable preferred stock and the previously held equity interest in NHUMO was recorded as goodwill. The goodwill recognized is attributable to the expected growth and operating synergies that the Company expects to realize from this acquisition. Goodwill generated from the acquisition will not be deductible for tax purposes.

**D. Discontinued Operations and Notes Receivable from Sale of Business**

In January 2012, the Company sold its Supermetals Business to Global Advanced Metals Pty Ltd., an Australian company ("GAM"), for \$452 million, including cash consideration of \$175 million received on the closing date and notes receivable ("GAM Notes") totaling \$277 million payable at various dates through March 2014. Through December 31, 2013, Cabot received payments of \$62 million under the GAM Notes that became due. The carrying value of the GAM Notes at December 31, 2013 was \$215 million, which was presented as Notes receivable from sale of business on the Consolidated Balance Sheets. These Notes are secured by liens on the property and assets of the sold business and guaranteed by the GAM Corporate Group. The Notes are included in Current assets as they are due no later than March 31, 2014.

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**E. Employee Benefit Plans**

Net periodic defined benefit pension and other postretirement benefit costs include the following:

	Three months ended December 31							
	2013		2012		2013		2012	
	Pension Benefits				Postretirement Benefits			
	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign
	(Dollars in millions)							
Service cost	\$ 1	\$ 2	\$ 1	\$ 2	\$—	\$ —	\$—	\$ —
Interest cost	2	4	2	4	1	—	1	—
Expected return on plan assets	(3)	(5)	(3)	(5)	—	—	(1)	—
Amortization of prior service credit	—	—	—	—	(1)	—	—	—
Amortization of actuarial loss	—	1	1	1	—	—	—	—
Net periodic benefit cost	<u>\$—</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$—</u>	<u>\$ —</u>	<u>\$—</u>	<u>\$ —</u>

**F. Goodwill and Other Intangible Assets**

Cabot had goodwill balances of \$559 million and \$504 million at December 31, 2013 and September 30, 2013, respectively. The carrying amount of goodwill attributable to each reportable segment with goodwill balances and the changes in those balances during the period ended December 31, 2013 are as follows:

	Reinforcement Materials	Performance Materials	Advanced Technologies	Purification Solutions	Total
	(Dollars in millions)				
Balance at September 30, 2013	\$ 25	\$ 11	\$ 2	\$ 466	\$504
Goodwill acquired <sup>(1)</sup>	51	—	—	—	51
Foreign currency translation adjustment	1	—	—	3	4
Balance at December 31, 2013	<u>\$ 77</u>	<u>\$ 11</u>	<u>\$ 2</u>	<u>\$ 469</u>	<u>\$559</u>

(1) Goodwill acquired relates to the NHUMO transaction as described in Note C.

Goodwill impairment tests are performed at least annually. The Company performed its last annual impairment assessment as of May 31, 2013 and determined there was no impairment.



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The following table provides information regarding the Company's intangible assets:

	December 31, 2013			September 30, 2013		
	Gross Carrying Value	Accumulated Amortization	Net Intangible Assets	Gross Carrying Value	Accumulated Amortization	Net Intangible Assets
	(Dollars in millions)					
Intangible assets with finite lives						
Developed technology	\$ 156	\$ (11)	\$ 145	\$ 155	\$ (9)	\$ 146
Customer relationships <sup>(1)</sup>	170	(9)	161	113	(7)	106
Other intangible assets	3	(2)	1	3	(2)	1
Total intangible assets, finite lives	<u>\$ 329</u>	<u>\$ (22)</u>	<u>\$ 307</u>	<u>\$ 271</u>	<u>\$ (18)</u>	<u>\$ 253</u>
Trademarks, indefinite lives	57	—	57	57	—	57
Total intangible assets	<u>\$ 386</u>	<u>\$ (22)</u>	<u>\$ 364</u>	<u>\$ 328</u>	<u>\$ (18)</u>	<u>\$ 310</u>

(1) The change in the gross carrying value of the Customer relationships intangible asset is primarily due to the NHUMO transaction as described in Note C.

Intangible assets with finite lives are amortized over their estimated useful lives, which range from six to twenty years, with a weighted average amortization period of approximately 19 years. Amortization expense for the three months ended December 31, 2013 and 2012 was \$4 million and \$3 million, respectively, and is included in Cost of sales and Selling and administrative expenses in the Consolidated Statements of Operations. Total amortization expense is estimated to be approximately \$18 million each year for the next five fiscal years. Intangible assets with indefinite lives are evaluated for impairment at least annually. The Company performed its last annual impairment assessment as of May 31, 2013, and determined there was no impairment.

#### G. Stockholders' Equity

In fiscal 2007, the Board of Directors authorized Cabot to repurchase up to ten million shares of Cabot's common stock in the open market or in privately negotiated transactions. This authorization does not have a set expiration date. The Company did not repurchase any shares during the first quarter of fiscal 2014 or 2013. As of December 31, 2013, approximately 1.6 million shares remain available for repurchase under the current authorization.

During the first quarter of both fiscal 2014 and 2013, Cabot paid cash dividends of \$0.20 per share of common stock for a total of \$13 million.

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***Noncontrolling interests***

The following table illustrates the noncontrolling interests activity for the periods presented:

	<u>2013</u>	<u>2012</u>
	(Dollars in millions)	
Balance at September 30	\$ 132	\$ 126
Net income attributable to noncontrolling interests	6	4
Noncontrolling interest foreign currency translation adjustment	(1)	1
Noncontrolling interest dividends	(6)	—
Balance at December 31	<u>\$ 131</u>	<u>\$ 131</u>

**H. Accumulated Other Comprehensive Income**

Comprehensive income combines net income and other comprehensive income items, which are reported as components of stockholders' equity in the accompanying Consolidated Balance Sheets.

Changes in each component of Accumulated other comprehensive income, net of tax, are as follows:

	Currency Translation Adjustment	Unrealized Gains on Investments	Pension and Other Postretirement Benefit Liability Adjustment	Total
	(Dollars in millions)			
Balance at September 30, 2013	\$ 154	\$ 2	\$ (53)	\$103
Other comprehensive loss before reclassifications	(21)	—	—	(21)
Net other comprehensive items <sup>(1)</sup>	(21)	—	—	(21)
Balance at December 31, 2013	133	2	(53)	82
Noncontrolling interest	(1)	—	—	(1)
Balance at December 31, 2013, attributable to Cabot Corporation	<u>\$ 134</u>	<u>\$ 2</u>	<u>\$ (53)</u>	<u>\$ 83</u>

(1) The amounts reclassified during the three months ended December 31, 2013 were less than \$1 million.

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The amounts reclassified out of Accumulated other comprehensive income and into the Statement of Operations for the three months ended December 31, 2013 and 2012 are as follows:

	Affected Line Item in the Consolidated Statements of Operations	Three Months Ended December 31,	
		2013	2012
(Dollars in millions)			
<b>Pension and other postretirement benefit liability adjustment</b>			
Amortization of actuarial losses	Net Periodic Benefit Cost - see Note E for details	\$ 1	\$ 2
Amortization of prior service cost	Net Periodic Benefit Cost - see Note E for details	(1)	—
Total before tax		—	2
Tax charge	Provision for income taxes	—	1
Total after tax		\$ —	\$ 1

### I. Commitments and Contingencies

#### Purchase Commitments

Cabot has entered into long-term purchase agreements primarily for the purchase of raw materials. Under certain of these agreements the quantity of material being purchased is fixed, but the price paid changes as market prices change. For those commitments, the amounts included in the table below are based on market prices at December 31, 2013.

	Payments Due by Fiscal Year						Total
	Remainder of Fiscal 2014	2015	2016	2017	2018	Thereafter	
(Dollars in millions)							
Reinforcement Materials	\$ 265	\$296	\$228	\$183	\$178	\$ 2,793	\$3,943
Performance Materials	32	39	33	30	30	236	400
Advanced Technologies	2	2	1	1	1	—	7
Purification Solutions	20	16	9	9	9	16	79
Total	\$ 319	\$353	\$271	\$223	\$218	\$ 3,045	\$4,429

#### Guarantee Agreements

Cabot has provided certain indemnities pursuant to which it may be required to make payments to an indemnified party in connection with certain transactions and agreements. In connection with certain acquisitions and divestitures, Cabot has provided routine indemnities with respect to such matters as environmental, tax, insurance, product and employee liabilities. In connection with various other agreements, including service and supply agreements, Cabot may provide routine indemnities for certain contingencies and routine warranties. Cabot is unable to estimate the maximum potential liability for these types of indemnities as a maximum obligation is not explicitly stated in most cases and the amounts, if any, are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be reasonably estimated. The durations of the indemnities vary, and in many cases are indefinite. Cabot has not recorded any liability for these indemnities in the consolidated financial statements, except as otherwise disclosed.

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***Contingencies***

Cabot is a defendant, or potentially responsible party, in various lawsuits and environmental proceedings wherein substantial amounts are claimed or at issue.

***Environmental Matters***

As of December 31, 2013 and September 30, 2013, Cabot had \$5 million, on both a discounted and undiscounted basis, reserved for environmental matters primarily related to divested businesses. These amounts represent Cabot's best estimates of the probable costs likely to be incurred at those sites where costs are reasonably estimable based on its analysis of the extent of clean up required, alternative clean up methods available, abilities of other responsible parties to contribute and its interpretation of laws and regulations applicable to each site. Cash payments related to these environmental matters were less than \$1 million in each of the first three months of fiscal 2014 and 2013. Cabot reviews the adequacy of the reserves as circumstances change at individual sites. Almost all of Cabot's reserves relate to environmental issues that are mature and have been investigated and studied and, in many cases, are subject to agreed upon remediation plans. However, depending on the results of future testing, changes in risk assessment practices, remediation techniques and regulatory requirements, newly discovered conditions, and other factors, it is reasonably possible that the Company could incur additional costs in excess of environmental reserves currently recorded. Management estimates, based on the latest available information, that any such future environmental remediation costs in excess of amounts already recorded would be immaterial to the Company's consolidated financial statements.

***Other Matters***

***Respirator Liabilities***

Cabot has exposure in connection with a safety respiratory products business that a subsidiary acquired from American Optical Corporation ("AO") in an April 1990 asset purchase transaction. The subsidiary manufactured respirators under the AO brand and disposed of that business in July 1995. In connection with its acquisition of the business, the subsidiary agreed, in certain circumstances, to assume a portion of AO's liabilities, including costs of legal fees together with amounts paid in settlements and judgments, allocable to AO respiratory products used prior to the 1990 purchase by the Cabot subsidiary. As more fully described in Cabot's 2013 10-K, the respirator liabilities involve claims for personal injury, including asbestosis, silicosis and coal worker's pneumoconiosis, allegedly resulting from the use of respirators that are alleged to have been negligently designed or labeled.

As of both December 31, 2013 and September 30, 2013, there were approximately 42,000 claimants in pending cases asserting claims against AO in connection with respiratory products. Cabot has a reserve to cover its expected share of liability for existing and future respirator liability claims. At December 31, 2013 and September 30, 2013, the reserve was \$10 million and \$11 million, respectively, on a discounted basis (\$14 million and \$15 million on an undiscounted basis at December 31, 2013 and September 30, 2013, respectively). The reserve is being accreted up to the undiscounted liability through interest expense over the expected cash flow period, which is through 2062. Cash payments related to this liability were \$2 million and less than \$1 million in the first three months of fiscal 2014 and 2013, respectively.

***Other***

The Company is subject to various other lawsuits, claims and contingent liabilities. In the opinion of the Company, although final disposition of some or all of these other suits and claims may impact the Company's consolidated financial statements in a particular period, they should not, in the aggregate, have a material adverse effect on the Company's financial position.

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**J. Income Tax Uncertainties**

Cabot files U.S. federal and state and non-U.S. income tax returns in jurisdictions with varying statutes of limitations. The 2007 through 2013 tax years remain subject to examination by the IRS and various tax years from 2005 through 2013 remain subject to examination by the respective state tax authorities. In significant non-U.S. jurisdictions, various tax years from 2001 through 2013 remain subject to examination by their respective tax authorities. Cabot's significant non-U.S. jurisdictions include Canada, China, France, Germany, Italy, Japan, and the Netherlands.

Certain Cabot subsidiaries are under audit in jurisdictions outside of the U.S. In addition, certain statutes of limitations are scheduled to expire in the near future. It is reasonably possible that a change in the unrecognized tax benefits may also occur within the next twelve months related to the settlement of one or more of these audits, however, an estimated range of the impact on the unrecognized tax benefits cannot be quantified at this time.

During the three months ended December 31, 2013, there were no material changes in the amount of unrecognized tax benefits.

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**K. Earnings Per Share**

The following tables summarize the components of the basic and diluted earnings per common share computations:

	Three Months Ended December 31	
	2013	2012
(Dollars and shares in millions, except per share amounts)		
<b>Basic EPS:</b>		
Net income attributable to Cabot Corporation	\$ 80	\$ 20
Less: Dividends and dividend equivalents to participating securities	—	—
Less: Undistributed earnings allocated to participating securities(1)	1	—
Earnings allocated to common shareholders (numerator)	<u>\$ 79</u>	<u>\$ 20</u>
Weighted average common shares and participating securities outstanding	64.8	64.1
Less: Participating securities(1)	0.6	0.6
Adjusted weighted average common shares (denominator)	<u>64.2</u>	<u>63.5</u>
Amounts per share - basic:		
Income from continuing operations attributable to Cabot Corporation	\$ 1.24	\$ 0.33
Loss from discontinued operations	—	(0.02)
Net income attributable to Cabot Corporation	<u>\$ 1.24</u>	<u>\$ 0.31</u>
<b>Diluted EPS:</b>		
Earnings allocated to common shareholders	\$ 79	\$ 20
Plus: Earnings allocated to participating securities	1	—
Less: Adjusted earnings allocated to participating securities(2)	(1)	—
Earnings allocated to common shareholders (numerator)	<u>\$ 79</u>	<u>\$ 20</u>
Adjusted weighted average common shares outstanding	64.2	63.5
Effect of dilutive securities:		
Common shares issuable(3)	0.6	0.6
Adjusted weighted average common shares (denominator)	<u>64.8</u>	<u>64.1</u>
Amounts per share - diluted:		
Income from continuing operations attributable to Cabot Corporation	\$ 1.23	\$ 0.33
Loss from discontinued operations	—	(0.02)
Net income attributable to Cabot Corporation	<u>\$ 1.23</u>	<u>\$ 0.31</u>

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- (1) Participating securities consist of shares of unvested restricted stock and unvested time-based restricted stock units.

Undistributed earnings are the earnings which remain after dividends declared during the period are assumed to be distributed to the common and participating shareholders. Undistributed earnings are allocated to common and participating shareholders on the same basis as dividend distributions. The calculation of undistributed earnings is as follows:

	Three months ended December 31	
	2013	2012
(Dollars in millions)		
<b>Calculation of undistributed earnings:</b>		
Net income attributable to Cabot Corporation	\$ 80	\$ 20
Less: Dividends declared on common stock	13	13
Undistributed earnings	<u>\$ 67</u>	<u>\$ 7</u>
<b>Allocation of undistributed earnings:</b>		
Undistributed earnings allocated to common shareholders	\$ 66	\$ 7
Undistributed earnings allocated to participating shareholders	1	—
Undistributed earnings	<u>\$ 67</u>	<u>\$ 7</u>

- (2) Undistributed earnings are adjusted for the assumed distribution of dividends to the dilutive securities, which are described in (3) below, and then reallocated to participating securities.
- (3) Represents incremental shares of common stock from the (i) assumed exercise of stock options issued under Cabot's equity incentive plans; (ii) assumed issuance of shares to employees pursuant to the Company's Supplemental Retirement Savings Plan; and (iii) assumed issuance of shares under outstanding performance-based restricted stock unit awards issued under Cabot's equity incentive plans. For the three months ended December 31, 2013 and 2012, 119,164 and 421,967 incremental shares of common stock, respectively, were not included in the calculation of diluted earnings per share because the inclusion of these shares would have been antidilutive.

#### L. Restructuring

Cabot's restructuring activities were recorded in the Consolidated Statements of Operations as follows:

	Three months ended December 31	
	2013	2012
(Dollars in millions)		
Cost of sales	\$ 5	\$ 3
Selling and administrative expenses	—	2
Research and technical expenses	—	1
Total	<u>\$ 5</u>	<u>\$ 6</u>

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Details of these restructuring activities and the related reserves during the three months ended December 31, 2013 are as follows:

	Severance and Employee Benefits	Environmental Remediation	Asset Impairment and Accelerated Depreciation	Other	Total
	(Dollars in millions)				
Reserve at September 30, 2013	\$ 7	\$ 2	\$ —	\$ 1	\$ 10
Charges	—	1	3	1	5
Costs charged against assets/liabilities	—	—	(3)	—	(3)
Cash paid	(3)	(1)	—	—	(4)
Reserve at December 31, 2013	<u>\$ 4</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ 8</u>

**Closure of Port Dickson, Malaysia Manufacturing Facility**

On April 26, 2013, the Company announced that the Board of its joint venture carbon black company, Cabot Malaysia Sdn. Bhd. (“CMSB”), decided to cease carbon black production at its Port Dickson, Malaysia facility. The facility ceased production in June 2013. The Company holds a 51 percent equity share in CMSB. The decision, which affected approximately 90 carbon black employees, was driven by the facility’s manufacturing inefficiencies and raw materials costs.

Through December 31, 2013, the consolidated joint venture has recorded pre-tax restructuring costs of approximately \$19 million comprised mainly of accelerated depreciation and asset write-offs of \$15 million, severance charges of \$2 million, site demolition, clearing and environmental remediation charges of \$1 million, and other closure related charges of \$1 million. CMSB’s net income or loss is attributable to Cabot Corporation and to the noncontrolling interest in the joint venture. The portion of the charges that are allocable to the noncontrolling interest in CMSB (49%) are recorded within Net income attributable to noncontrolling interests, net of tax, in the Consolidated Statements of Operations.

The Company expects that the majority of actions related to closure of the plant will be completed in fiscal 2014 and result in total pre-tax charges to the consolidated joint venture of approximately \$25 million. The expected charges are comprised of asset impairments and accelerated depreciation of \$15 million, site demolition, clearing and environmental remediation of \$7 million, severance charges of \$2 million, and other closure related charges of \$1 million.

Cumulative net cash outlays related to this plan are expected to be approximately \$9 million comprised primarily of \$6 million for site demolition, clearing and environmental remediation, \$2 million for severance, and \$1 million for other closure related charges. Through December 31, 2013, CMSB has made approximately \$2 million in cash payments related to this plan related mainly to severance and site demolition and clearing costs.

CMSB expects to make net cash payments of \$6 million during the remainder of fiscal 2014 and thereafter for site demolition, clearing and environmental remediation and \$1 million related to severance. These amounts exclude any potential proceeds that may be received from the sale of land or other manufacturing assets.

As of December 31, 2013, Cabot has \$1 million of accrued restructuring costs in the Consolidated Balance Sheets related to this closure which is mainly comprised of accrued severance charges.

**Other Activities**

The Company has recorded pre-tax charges of approximately \$4 million during the first three months in each of fiscal 2014 and 2013 related to restructuring activities at other locations. Fiscal 2014 charges are comprised mainly of accelerated depreciation and asset write-offs whereas fiscal 2013 restructuring costs are comprised mainly of severance-related charges. The Company anticipates recording additional charges of \$2 million during fiscal 2014 and thereafter related to these actions, comprised mainly of site demolition, clearing and environmental remediation costs, and other closure related costs.



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Through December 31, 2013, Cabot has made cash payments of \$14 million related to these activities and expects to pay \$4 million in the remainder of fiscal 2014 and thereafter for severance, site demolition, clearing and environmental remediation and other post close operating costs at the impacted locations.

As of December 31, 2013, Cabot has \$3 million of accrued severance and other closure related costs in the Consolidated Balance Sheets related to these activities.

***Previous Actions and Sites Pending Sale***

Beginning in fiscal 2009, the Company entered into several different restructuring plans which have been substantially completed, pending the sale of former manufacturing sites in Thane, India, Stanlow, U.K. and Hong Kong. The Company has incurred total cumulative pre-tax charges of approximately \$162 million related to these plans as of December 31, 2013 comprised of \$67 million for severance charges, \$65 million for accelerated depreciation and asset impairments, \$11 million for environmental, demolition and site clearing costs, and \$20 million of other closure related charges partially offset by gains on asset sales of \$1 million. These amounts do not include any potential gain that will be recorded if the Company successfully sells its land rights and certain other manufacturing related assets in India and Hong Kong or land in the U.K.

Restructuring expenses related to these plans were less than \$1 million and \$1 million during the first three months in fiscal 2014 and 2013, respectively.

Beginning in fiscal 2009, Cabot has made net cash payments of \$84 million related to these plans and expects to pay an additional \$4 million in the remainder of fiscal 2014 and thereafter. The remaining payments consist mainly of environmental, severance, and other closure related costs. These amounts do not include any potential proceeds that will be received if the Company successfully sells its land rights and certain other manufacturing related assets in India and Hong Kong or land in the U.K.

As of December 31, 2013, Cabot has \$4 million of accrued environmental, severance, and other closure related costs in the Consolidated Balance Sheets related to these activities.

**M. Financial Instruments and Fair Value Measurements**

The FASB authoritative guidance on fair value measurements defines fair value, provides a framework for measuring fair value in generally accepted accounting principles, and requires certain disclosures about fair value measurements. The disclosures focus on the inputs used to measure fair value. The guidance establishes the following hierarchy for categorizing these inputs:

- Level 1 — Quoted market prices in active markets for identical assets or liabilities
- Level 2 — Significant other observable inputs (e.g., quoted prices for similar items in active markets, quoted prices for identical or similar items in markets that are not active, inputs other than quoted prices that are observable such as interest rate and yield curves, and market-corroborated inputs)
- Level 3 — Significant unobservable inputs

There were no transfers of financial assets or liabilities measured at fair value between Level 1 and Level 2, or transfers into or out of Level 3, during the first three months of both fiscal 2014 and 2013.

The GAM Notes are classified as Level 3 instruments within the fair value hierarchy because they are valued using a valuation model with significant unobservable inputs. The valuation model used is the discounted cash flow model and the significant inputs are the discount rate which incorporates the credit standing of GAM and the fact that the notes are secured by liens on the property and assets of the sold business and guaranteed by the GAM Corporate Group, Adjusted EBITDA forecast and timing of expected cash flows from GAM. The notes are carried at amortized cost and the carrying value was \$215 million at December 31, 2013, which is equivalent to the contractually due amount on March 31, 2014. Using the discounted cash flow model at December 31, 2013 with the main inputs being the discount rate and the timing of the contractually due payments of \$215 million on March 31, 2014, the fair value of the notes was \$210 million. As of September 30, 2013 the carrying value and fair value of GAM Notes were \$214 million and \$205 million, respectively.

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At December 31, 2013 and September 30, 2013, fair value of Guaranteed investment contracts, included in Other assets in the Consolidated Balance Sheets, were \$15 million and \$14 million, respectively. Guaranteed investment contracts were classified as Level 2 instruments within the fair value hierarchy as the fair value determination was based on the other observable inputs.

At December 31, 2013 and September 30, 2013, the fair values of cash and cash equivalents, accounts and notes receivable, accounts payable and accrued liabilities, and notes payable approximated their carrying values due to the short-term nature of these instruments. The carrying value and fair value of the long-term fixed rate debt were \$958 million and \$999 million, respectively, as of December 31, 2013. The carrying value and fair value of the long-term fixed rate debt were \$971 million and \$1.01 billion, respectively, at September 30, 2013. The fair values of Cabot's fixed rate long-term debt and capital lease obligations are estimated based on comparable quoted market prices at the respective period ends. The carrying amounts of Cabot's floating rate long-term debt and capital lease obligations approximate their fair values. All such measurements are based on observable inputs and are classified as Level 2 within the fair value hierarchy. The valuation technique used is the discounted cash flow model.

**N. Derivatives**

***Interest Rate Risk Management***

Cabot's objective is to maintain a certain fixed-to-variable interest rate mix on the Company's debt obligations. Cabot enters into interest rate swaps as a hedge of the underlying debt instruments to effectively change the characteristics of the interest rate without changing the debt instrument. As of both December 31, 2013 and September 30, 2013, there were no derivatives held to manage interest rate risk.

***Foreign Currency Risk Management***

Cabot's international operations are subject to certain risks, including currency exchange rate fluctuations and government actions. Cabot endeavors to match the currency in which debt is issued to the currency of the Company's major, stable cash receipts. In some situations Cabot has issued debt denominated in U.S. dollars and may enter into cross currency swaps that exchange the dollar principal and interest payments into a currency where the Company expects long-term, stable cash receipts.

Additionally, the Company has foreign currency exposure arising from its net investments in foreign operations. Cabot, from time to time, may enter into cross-currency swaps to mitigate the impact of currency rate changes on the Company's net investments.

The Company also has foreign currency exposure arising from the denomination of assets and liabilities in foreign currencies other than the functional currency of a given subsidiary as well as the risk that currency fluctuations could affect the dollar value of future cash flows generated in foreign currencies. Accordingly, Cabot uses forward contracts to minimize the exposure to foreign currency risk.

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In certain situations where the Company has forecasted purchases under a long-term commitment or forecasted sales denominated in a foreign currency, Cabot may enter into appropriate financial instruments in accordance with the Company's risk management policy to hedge future cash flow exposures. The following table provides details of the derivatives held as of December 31, 2013 and September 30, 2013 to manage foreign currency risk:

<u>Description</u>	<u>Borrowing</u>	<u>Notional Amount</u>		<u>Hedge Designation</u>
		<u>December 31, 2013</u>	<u>September 30, 2013</u>	
Forward Foreign Currency Contracts (1)	N/A	USD 40 million	USD 31 million	No designation

(1) Cabot's forward foreign exchange contracts are denominated primarily in the Brazilian real, British pound sterling, Chinese renminbi, Czech koruna, and Indian rupee.

#### ***Accounting for Derivative Instruments and Hedging Activities***

The Company determines the fair value of derivative instruments using quoted market prices whenever available. When quoted market prices are not available for various types of derivative instruments (such as forwards, options and swaps), the Company uses standard models with market-based inputs, which take into account the present value of estimated future cash flows and the ability of the financial counterparty to perform. For interest rate and cross-currency swaps, the significant inputs to these models are interest rate curves for discounting future cash flows. For forward foreign currency contracts, the significant inputs are interest rate curves for discounting future cash flows, and exchange rate curves of the foreign currency for translating future cash flows.

##### *Fair Value Hedge*

For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting gain or loss on the hedged item attributable to the hedged risk are recognized in current period earnings.

##### *Cash Flow Hedge*

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is recorded in Accumulated other comprehensive income and reclassified to earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current period earnings.

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*Other Derivative Instruments*

From time to time, the Company may enter into certain derivative instruments that may not be designated as hedges for accounting purposes, which include cross currency swaps, foreign currency forward contracts and commodity derivatives. Although these derivatives do not qualify for hedge accounting, Cabot believes that such instruments are closely correlated with the underlying exposure, thus managing the associated risk. The gains or losses from changes in the fair value of derivative instruments that are not accounted for as hedges are recognized in current period earnings.

For the three months ended December 31, 2013 there were no derivatives designated as hedges. For the three months ended December 31, 2012, for derivatives designated as hedges, the change in unrealized gains in Accumulated other comprehensive income, the hedge ineffectiveness recognized in earnings, the realized gains or losses reclassified from Accumulated other comprehensive income, and the losses reclassified from Accumulated other comprehensive income to earnings were immaterial.

During the three months ended December 31, 2013, Cabot recognized in earnings through Other income within the Consolidated Statements of Operations a loss of \$2 million related to its foreign currency forward contracts, which were not designated as hedges.

For the three months ended December 31, 2012, a gain of \$4 million was recognized in earnings as a result of the remeasurement to Euros of the \$175 million bond issued by one of Cabot's European subsidiaries. This gain, which was recognized in earnings through Other income within the Consolidated Statements of Operations, was offset by a loss of \$4 million from Cabot's cross currency swaps that are not designated as hedges, but which Cabot entered into to offset the foreign currency translation exposure on the debt. Additionally, during the three months ended December 31, 2012, Cabot recognized in earnings through Other income within the Consolidated Statements of Operations gains of \$5 million related to its foreign currency forward contracts, which were not designated as hedges.

For both December 31, 2013 and September 30, 2013, the fair value of derivative instruments were immaterial and were presented in Prepaid expenses and other current assets and Accounts payable and accrued liabilities on the Consolidated Balance Sheets.

The net after-tax amounts to be reclassified from Accumulated other comprehensive income to earnings within the next 12 months are expected to be immaterial.

**O. Venezuela**

Cabot owns 49% of an operating affiliate in Venezuela, which is accounted for as an equity affiliate, through wholly owned subsidiaries that carry the investment and receive its dividends. As of December 31, 2013, these subsidiaries carried the operating affiliate investment of \$23 million and held 20 million bolivars (\$3 million) in cash.

During the three months ended December 31, 2013 and 2012, the operating affiliate declared dividends of 11 million bolivars (\$2 million) and 4 million bolivars (\$1 million), respectively, to the Company's wholly owned subsidiaries, which were paid in U.S. dollars and repatriated.

The Venezuelan bolivars held by the Company's wholly owned subsidiaries may only be exchanged for foreign currencies through certain Venezuelan government controlled channels. The channels available are the Venezuelan central bank ("CADIVI"), and Venezuelan government and government-backed bond offerings. The bond offerings use a bidding process, where companies and individuals requiring U.S. dollars place a request for a fixed sum, and CADIVI then determines how to allocate the pool of U.S. dollars in that issuance. The Company closely monitors its ability to convert its bolivar holdings into U.S. dollars, as the Company intends to convert substantially all bolivars held by its wholly owned subsidiaries in Venezuela to U.S. dollars as soon as practical. Any future change in the CADIVI official rate or opening of additional parallel markets could lead the Company to change the exchange rate it uses and result in gains or losses on the bolivar denominated assets held by its wholly owned subsidiaries.

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**P. Financial Information by Segment**

The Company identifies a business as an operating segment if: i) it engages in business activities from which it may earn revenues and incur expenses; ii) its operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance; and iii) it has available discrete financial information. The Company has determined that all of its businesses are operating segments. The CODM reviews financial information at the operating segment level to allocate resources and to assess the operating results and financial performance for each operating segment. Operating segments are aggregated into a reportable segment if the operating segments are determined to have similar economic characteristics and if the operating segments are similar in the following areas: i) nature of products and services; ii) nature of production processes; iii) type or class of customer for their products and services; iv) methods used to distribute the products or provide services; and v) if applicable, the nature of the regulatory environment.

The Company has four reportable segments: Reinforcement Materials, Performance Materials, Advanced Technologies and Purification Solutions. Reinforcement Materials represents the Company's Rubber Blacks Business. Purification Solutions represents the Company's Activated Carbon Business. Performance Materials is an aggregation of the Specialty Carbons and Compounds and Fumed Metal Oxides Businesses, which are similar in terms of economic characteristics, nature of products, processes, customer class and product distribution methods.

The Company has combined and disclosed five of its operating segments (Specialty Fluids, Inkjet, Aerogel, Elastomer Composites and Security Materials) into an other segment labeled "Advanced Technologies".

Reportable segment operating profit (loss) before interest and taxes ("Segment EBIT") is presented for each reportable segment in the financial information by reportable segment table below on the line entitled Income (loss) from continuing operations before taxes. Segment EBIT excludes certain items, meaning items considered by management to be unusual and not representative of segment results. In addition, Segment EBIT includes Equity in net income of affiliated companies, net of tax, the full operating results of a contractual joint venture in Purification Solutions, royalties paid by equity affiliates, Net income attributable to noncontrolling interests, net of tax, and discounting charges for certain Notes receivable, but excludes Interest expense, foreign currency transaction gains and losses, interest income, dividend income, unearned revenue, the effects of LIFO accounting for inventory, general unallocated income and unallocated corporate costs.

Prior year Purification Solutions Segment EBIT has been adjusted to include an allocation of corporate administrative and functional support costs. In the Company's 10-Q for the first quarter of fiscal 2013 these allocations were reflected in unallocated corporate costs and other segment results.

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Financial information by reportable segment is as follows:

	Reinforcement Materials	Performance Materials	Advanced Technologies	Purification Solutions	Segment Total	Unallocated and Other(1)	Consolidated Total
	(Dollars in millions)						
<b>Three months ended December 31, 2013</b>							
Revenues from external customers(2)	\$ 517	\$ 217	\$ 65	\$ 77	\$ 876	\$ 23	\$ 899
Income (loss) from continuing operations before taxes(3)	\$ 64	\$ 34	\$ 24	\$ (9)	\$ 113	\$ (5)	\$ 108
<b>Three months ended December 31, 2012</b>							
Revenues from external customers(2)	\$ 475	\$ 196	\$ 38	\$ 93	\$ 802	\$ 18	\$ 820
Income (loss) from continuing operations before taxes(3)	\$ 50	\$ 27	\$ 7	\$ 5	\$ 89	\$ (48)	\$ 41

(1) Unallocated and other includes certain items and eliminations necessary to reflect management's reporting of operating segment results. These items are reflective of the segment reporting presented to the Chief Operating Decision Maker.

(2) Unallocated and other reflects royalties paid by equity affiliates, external shipping and handling fees, and the impact of the corporate adjustment for unearned revenue and Notes receivable. See table below:

	Three months ended December 31	
	2013	2012
	(Dollars in millions)	
Royalties paid by equity affiliates, other operating revenues, the impact of corporate adjustments for unearned revenue, unconsolidated equity affiliates and discounting charges for certain Notes receivable	\$ (1)	\$ (1)
Shipping and handling fees	24	19
Total	<u>\$ 23</u>	<u>\$ 18</u>

(3) Income (loss) from continuing operations before taxes that are categorized as Unallocated and Other includes:

	Three months ended December 31	
	2013	2012
	(Dollars in millions)	
Interest expense	\$ (14)	\$ (16)
Total certain items, pre-tax(a)	24	(20)
Equity in earnings of affiliated companies(b), net of tax	(2)	(3)
Unallocated corporate costs(c)	(13)	(12)
General unallocated income(d)	—	3
Total	<u>\$ (5)</u>	<u>\$ (48)</u>

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- (a) Certain items are items that management does not consider to be representative of operating segment results and they are, therefore, excluded from Segment EBIT. Certain items, pre-tax, for the three months ended December 31, 2013 include \$5 million related to global restructuring activities, \$5 million for acquisition and integration-related charges (consisting of \$3 million for certain other one-time integration costs and \$2 million of additional charges related to acquisition accounting adjustments for the acquired inventory of NHUMO) and \$1 million for environmental matters offset by \$6 million of foreign currency gain on revaluation of the GAM Notes and a \$29 million non-cash gain recognized on the Company's pre-existing investment in NHUMO as a result of the NHUMO transaction. Certain items, pre-tax, for the three months ended December 31, 2012 include \$6 million related to global restructuring activities and \$14 million for acquisition and integration-related charges (consisting of \$3 million for certain other one-time integration costs and \$11 million of additional charges related to acquisition accounting adjustments for inventory acquired in the Norit transaction).
- (b) Equity in earnings of affiliated companies, net of tax, is included in Segment EBIT and is removed from Unallocated and other to reconcile to income (loss) from continuing operations before taxes.
- (c) Unallocated corporate costs are not controlled by the operating segments and primarily benefit corporate interests.
- (d) General unallocated income consists of gains (losses) arising from foreign currency transactions, net of other foreign currency risk management activities, the impact of accounting for certain inventory on a LIFO basis, the profit or loss related to the corporate adjustment for unearned revenue, and the impact of including the full operating results of an equity affiliate in Purification Solutions Segment EBIT.

Performance Materials is comprised of two businesses that sell the following products: specialty grades of carbon black and thermoplastic concentrates and compounds (the Specialty Carbons and Compounds Business); and fumed silica, fumed alumina and dispersions thereof (the Fumed Metal Oxides Business). The net sales from each of these businesses for the three months ended December 31, 2013 and 2012 are as follows:

	Three months ended December 31	
	2013	2012
	(Dollars in millions)	
Specialty Carbons and Compounds	\$ 148	\$ 132
Fumed Metal Oxides	69	64
<b>Total Performance Materials</b>	<b>\$ 217</b>	<b>\$ 196</b>

The net sales from each of the Advanced Technologies businesses are as follows:

	Three months ended December 31	
	2013	2012
	(Dollars in millions)	
Inkjet Colorants	\$ 15	\$ 16
Aerogel	5	5
Security Materials	1	1
Elastomer Composites	16	8
Specialty Fluids	28	8
<b>Total Advanced Technologies</b>	<b>\$ 65</b>	<b>\$ 38</b>

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**Q. Subsequent Event**

On January 28, 2014, the Company announced its intention to open a new Europe, Middle East and Africa (“EMEA”) Shared Service Center in Riga, Latvia, and to close its Leuven, Belgium site, subject to the Belgian information and consultation process. These proposed actions were developed following an extensive evaluation of the Company’s shared service capabilities in the EMEA region and a determination that the proposed future EMEA Shared Service Center will enable the Company to provide the highest quality of service at the most competitive cost. The Company intends to complete these actions by the end of calendar year 2014.

The Company expects cash charges for the intended closure of the Leuven site and the transition to Riga to be in the range of \$19 to \$22 million. These costs include severance and employee benefits and transition and other closure costs. The cash outlays related to the intended closure are expected to occur over the next two years.

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations****Critical Accounting Policies**

The preparation of our consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses and related disclosure of contingent assets and liabilities. We consider an accounting estimate to be critical to the financial statements if (i) the estimate is complex in nature or requires a high degree of judgment and (ii) different estimates and assumptions were used, the results could have a material impact on the consolidated financial statements. On an ongoing basis, we evaluate our policies and estimates. We base our estimates on historical experience, current conditions and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The estimates that we believe are critical to the preparation of the consolidated financial statements are presented below.

**Revenue Recognition and Accounts Receivable**

We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collectability is reasonably assured. We generally are able to ensure that products meet customer specifications prior to shipment. If we are unable to determine that the product has met the specified objective criteria prior to shipment or if title has not transferred because of sales terms, the revenue is considered “unearned” and is deferred until the revenue recognition criteria are met. Shipping and handling charges related to sales transactions are recorded as sales revenue when billed to customers or included in the sales price.

The following table shows the relative size of the revenue recognized in each of our reportable segments.

	<b>Three months ended</b>	
	<b>December 31</b>	
	<b>2013</b>	<b>2012</b>
Reinforcement Materials	59%	59%
Performance Materials	25%	24%
Purification Solutions	9%	12%
Advanced Technologies	7%	5%

We derive the substantial majority of revenues from the sale of products in Reinforcement Materials and Performance Materials. Revenue from these products is typically recognized when the product is shipped and title and risk of loss have passed to the customer. We offer certain customers cash discounts and volume rebates as sales incentives. The discounts and volume rebates are recorded as a reduction in sales at the time revenue is recognized and are estimated based on historical experience and contractual obligations. We periodically review the assumptions underlying estimates of discounts and volume rebates and adjust revenues accordingly.



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Revenue in Purification Solutions is typically recognized when the product is shipped and title and risk of loss have passed to the customer. For major activated carbon injection systems projects, revenue is recognized using the percentage-of-completion method.

Revenue in Advanced Technologies, excluding the Specialty Fluids Business, is typically recognized when the product is shipped and title and risk of loss have passed to the customer. Depending on the nature of the contract with the customer, a portion of the segment's revenue may be recognized using proportional performance. We have technology and licensing agreements with one customer that are accounted for as multiple element arrangements. Revenue is recognized ratably over the term of the agreements, limited by the cumulative amounts that become due, some of which are through 2022.

A significant portion of the revenue in the Specialty Fluids Business, included in Advanced Technologies, arises from the rental of cesium formate. This revenue is recognized throughout the rental period based on the contracted rental terms. Customers are also billed and revenue is recognized, typically at the end of the job, for cesium formate product that is not returned. We also generate revenues from cesium formate sold outside of a rental process and revenue is recognized upon delivery of the fluid.

We maintain allowances for doubtful accounts based on an assessment of the collectability of specific customer accounts, the aging of accounts receivable and other economic information on both an historical and prospective basis. Customer account balances are charged against the allowance when it is probable the receivable will not be recovered. There is no off-balance sheet credit exposure related to customer receivable balances.

### ***Intangible Assets and Goodwill***

We record tangible and intangible assets acquired and liabilities assumed in business combinations under the acquisition method of accounting. Amounts paid for an acquisition are allocated to the assets acquired and liabilities assumed based on their fair values at the date of acquisition. Goodwill is comprised of the purchase price of business acquisitions in excess of the fair value assigned to the net tangible and identifiable intangible assets acquired. Goodwill is not amortized but is reviewed for impairment annually as of May 31, or when events or changes in the business environment indicate that the carrying value of the reporting unit may exceed its fair value. A reporting unit, for the purpose of the impairment test, is at or below the operating segment level, and constitutes a business for which discrete financial information is available and regularly reviewed by segment management. The separate businesses included within Performance Materials and Advanced Technologies are considered separate reporting units. Goodwill balances relative to these segments are recorded in the Fumed Metal Oxides reporting unit within Performance Materials and the Security Materials reporting unit within Advanced Technologies.

For the purpose of the goodwill impairment test, we first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value amount and as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. Alternatively, we may elect to proceed directly to the two-step goodwill impairment test. If an initial qualitative assessment identifies that it is more likely than not that the carrying value of a reporting unit exceeds its estimated fair value, an additional quantitative evaluation is performed under the two-step impairment test. If based on the quantitative evaluation the fair value of the reporting unit is less than its carrying amount, we perform an analysis of the fair value of all assets and liabilities of the reporting unit. If the implied fair value of the reporting unit's goodwill is determined to be less than its carrying amount, an impairment is recognized for the difference. The fair value of a reporting unit is based on discounted estimated future cash flows. The assumptions used to estimate fair value include management's best estimates of future growth rates, operating cash flows, capital expenditures, and discount rates over an estimate of the remaining operating period at the reporting unit level. Should the fair value of any of our reporting units decline because of reduced operating performance, market declines, or other indicators of impairment, or as a result of changes in the discount rate, charges for impairment may be necessary.

We use assumptions and estimates in determining the fair value of assets acquired and liabilities assumed in a business combination. The determination of the fair value of intangible assets requires the use of significant judgment with regard to (i) assumptions used in the valuation model; and (ii) determination of the intangible assets' useful lives. We estimate the fair value of identifiable acquisition-related intangible assets principally based on projections of cash flows that will arise from these assets. The projected cash flows are discounted to determine the fair value of the assets at the dates of acquisition. We review definite-lived intangible assets for impairment when indication of potential impairment exists, such as a significant reduction in cash flows

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associated with the assets. Actual cash flows arising from a particular intangible asset could vary from projected cash flows which could imply different carrying values from those established at the dates of acquisition and which could result in impairment of such asset. We evaluate indefinite-lived intangible assets for impairment annually or when events occur or circumstances change that may reduce the fair value of the asset below its carrying amount. The annual review is performed as of May 31. We may first perform a qualitative assessment to determine whether it is necessary to perform the quantitative impairment test or bypass the qualitative assessment and proceed directly to performing the quantitative impairment test. The quantitative impairment test is based on discounted estimated future cash flows. The assumptions used to estimate fair value include management's best estimates of future growth rates and discount rates over an estimate of the remaining operating period at the unit of accounting level. Our intangible assets are primarily comprised of trademarks, customer relationships, patented and unpatented technology and other intellectual property. Finite lived intangible assets are amortized over their estimated useful lives.

### **Long-lived Assets**

Our long-lived assets primarily include property, plant and equipment, long-term investments and assets held for rent. The carrying values of long-lived assets are reviewed for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be recoverable. An asset impairment is recognized when the carrying value of the asset is not recoverable based on the probability-weighted undiscounted estimated future cash flows to be generated by the asset. Our estimates reflect management's assumptions about selling prices, production and sales volumes, costs and market conditions over an estimate of the remaining operating period. If an impairment is indicated, the asset is written down to fair value. If the asset does not have a readily determinable market value, a discounted cash flow model may be used to determine the fair value of the asset. The key inputs to the discounted cash flow would be the same as the undiscounted cash flow noted above, with the addition of the discount rate used. In circumstances when an asset does not have separate identifiable cash flows, an impairment charge is recorded when we no longer intend to use the asset.

To test for impairment of assets we generally use a probability-weighted estimate of the future undiscounted net cash flows of the assets over their remaining lives to determine if the value of the asset is recoverable. Long-lived assets are grouped with other assets and liabilities at the lowest level for which independent identifiable cash flows are determinable.

### **Property, Plant and Equipment**

Property, plant and equipment are recorded at cost. Depreciation of property, plant and equipment is calculated using the straight-line method over the estimated useful lives. The depreciable lives for buildings, machinery and equipment, and other fixed assets are twenty to twenty-five years, ten to twenty-five years, and three to twenty-five years, respectively. The cost and accumulated depreciation for property, plant and equipment sold, retired, or otherwise disposed of are removed from the Consolidated Balance Sheets and resulting gains or losses are included in earnings in the Consolidated Statements of Operations. Expenditures for repairs and maintenance are charged to expenses as incurred. Expenditures for major renewals and betterments, which significantly extend the useful lives of existing plant and equipment, are capitalized and depreciated.

### **Litigation and Contingencies**

We are involved in litigation in the ordinary course of business, including personal injury and environmental litigation. After consultation with counsel, as appropriate, we accrue a liability for litigation when it is probable that a liability has been incurred and the amount can be reasonably estimated. The estimated reserves are recorded based on our best estimate of the liability associated with such matters or the low end of the estimated range of liability if we are unable to identify a better estimate within that range. Our best estimate is determined through the evaluation of various information, including claims, settlement offers, demands by government agencies, estimates performed by independent third parties, identification of other responsible parties and an assessment of their ability to contribute, and our prior experience. Litigation is highly uncertain and there is always the possibility of an unusual result in any particular case that may reduce our earnings and cash flows.

The most significant reserves that we have established are for environmental remediation and respirator litigation claims. The amount accrued for environmental matters reflects our assumptions about remediation requirements at the contaminated sites, the nature of the remedies, the outcome of discussions with regulatory agencies and other potentially responsible parties at multi-party sites, and the number and financial viability of other potentially responsible parties. A portion of the reserve for environmental matters is recognized on a discounted basis, which requires the use of an estimated discount rate and estimates of future cash flows associated with the liability. These liabilities can be affected by the availability of new information, changes in the assumptions on which the accruals are based, unanticipated government enforcement action or changes in applicable government laws and regulations, which could result in higher or lower costs.

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Our current estimate of the cost of our share of existing and future respirator liability claims is based on facts and circumstances existing at this time and the amount accrued is recognized on a discounted basis. Developments that could affect our estimate include, but are not limited to, (i) significant changes in the number of future claims, (ii) changes in the rate of dismissals without payment of pending silica and non-malignant asbestos claims, (iii) significant changes in the average cost of resolving claims, (iv) significant changes in the legal costs of defending these claims, (v) changes in the nature of claims received, (vi) changes in the law and procedure applicable to these claims, (vii) the financial viability of other parties which contribute to the settlement of respirator claims, (viii) a change in the availability of insurance coverage maintained by the entity from which we acquired the safety respiratory products business or the indemnity provided by its former owner, (ix) changes in the allocation of costs among the various parties paying legal and settlement costs and (x) a determination that the assumptions that were used to estimate our share of liability are no longer reasonable. We cannot determine the impact of these potential developments on our current estimate of our share of liability for these existing and future claims. Accordingly, the actual amount of these liabilities for existing and future claims could be different than the reserved amount. Further, if the timing of our actual payments made for respirator claims differs significantly from our estimated payment schedule, and we determine that we can no longer reasonably predict the timing of such payments, we could then be required to record the reserve amount on an undiscounted basis on our Consolidated Balance Sheets, causing an immediate impact to earnings.

### **Income Taxes**

Our business operations are global in nature, and we are subject to taxes in numerous jurisdictions. Tax laws and tax rates vary substantially in these jurisdictions and are subject to change based on the political and economic climate in those countries. We file our tax returns in accordance with our interpretations of each jurisdiction's tax laws.

Significant judgment is required in determining our worldwide provision for income taxes and recording the related tax assets and liabilities. In the ordinary course of our business, there are operational decisions, transactions, facts and circumstances, and calculations which make the ultimate tax determination uncertain. Furthermore, our tax positions are periodically subject to challenge by taxing authorities throughout the world. We have recorded reserves on uncertain tax position for taxes and associated interest and penalties that may become payable in future years as a result of audits by tax authorities. Any significant impact as a result of changes in underlying facts, law, tax rates, tax audit, or review could lead to adjustments to our income tax expense, our effective tax rate, and/or our cash flow.

We record our tax provision or benefit on an interim basis using an estimated annual effective tax rate. This rate is applied to the current period ordinary income or loss to determine the income tax provision or benefit allocated to the interim period. Losses from jurisdictions for which no benefit can be recognized and the income tax effects of unusual or infrequent items are excluded from the estimated annual effective tax rate and are recognized in the impacted interim period. The estimated annual effective tax rate may be significantly impacted by nondeductible expenses and our projected earnings mix by tax jurisdiction. Adjustments to the estimated annual effective income tax rate are recognized in the period when such estimates are revised.

We record benefits for uncertain tax positions based on an assessment of whether the position is more likely than not to be sustained by the taxing authorities. If this threshold is not met, no tax benefit of the uncertain tax position is recognized. If the threshold is met, the tax benefit that is recognized is the largest amount that is greater than 50% likely of being realized upon ultimate settlement. This analysis presumes the taxing authorities' full knowledge of the positions taken and all relevant facts, but does not consider the time value of money. We also accrue for interest and penalties on these uncertain tax positions and include such charges in the income tax provision in the Consolidated Statements of Operations.

Additionally, we have established valuation allowances against a variety of deferred tax assets, including net operating loss carry forwards, foreign tax credits, and other income tax credits. Valuation allowances take into consideration our ability to use these deferred tax assets and reduce the value of such items to the amount that is deemed more likely than not to be recoverable. Our ability to utilize these deferred tax assets is dependent on achieving our forecast of future taxable operating income over an extended period of time. We review our forecast in relation to actual results and expected trends on a quarterly basis. Failure to achieve our operating income targets may change our assessment regarding the recoverability of our net deferred tax assets and such change could result in a valuation allowance being recorded against some or all of our net deferred tax assets. An increase in a valuation allowance would result in additional income tax expense, while a release of valuation allowances in periods when these tax attributes become realizable would reduce our income tax expense.

## **Restructuring Activities**

Our consolidated financial statements detail specific charges relating to restructuring activities as well as the actual spending that has occurred against the resulting accruals. Our restructuring charges are estimates based on our preliminary assessments of (i) severance and other employee benefits to be granted to employees, which are based on known benefit formulas and identified job grades, (ii) environmental remediation, and (iii) asset impairment and accelerated depreciation. Because these accruals are estimates, they are subject to change as a result of subsequent information that may come to our attention while executing the restructuring plans. These changes in estimates would then be reflected in our consolidated financial statements.

## **Inventory Valuation**

Inventories are stated at the lower of cost or market. The cost of all carbon black inventories in the U.S. is determined using the last-in, first-out (“LIFO”) method. Had we used the first-in, first-out (“FIFO”) method instead of the LIFO method for such inventories, the value of those inventories would have been \$55 million higher as of both December 31, 2013 and September 30, 2013. The cost of Specialty Fluids inventories is determined using the average cost method. The cost of other U.S. and non-U.S. inventories is determined using the FIFO method. In periods of rapidly rising or declining raw material costs, the inventory method we employ can have a significant impact on our profitability. Under our current LIFO method, when raw material costs are rising, our most recent higher priced purchases are the first to be charged to cost of sales. If, however, we were using a FIFO method, our purchases from earlier periods, which were at lower prices, would instead be the first charged to cost of sales. The opposite result could occur during a period of rapid decline in raw material costs.

We review inventory for both potential obsolescence and potential loss of value periodically. In this review, we make assumptions about the future demand for and market value of our inventory and based on these assumptions estimate the amount of any obsolete, unmarketable or slow moving inventory. We write down the value of our inventories by an amount equal to the difference between the cost of the inventory and its estimated market value. Historically, such write-downs have not been significant. If actual market conditions are less favorable than those projected by management at the time of the assessment, however, additional inventory write-downs may be required, which could reduce our gross profit and our earnings.

## **Results of Operations**

### ***Definition of Terms and Non-GAAP Financial Measures***

When discussing our results of operations, we use several terms as described below.

The term “product mix” refers to the various types and grades, or mix, of products sold in a particular business or segment during the period, and the positive or negative impact of that mix on the revenue or profitability of the business or segment.

The term “LIFO” includes two factors: (i) the impact of current inventory costs being recognized immediately in cost of sales under a last-in first-out method, compared to the older costs that would have been included in cost of sales under a first-in first-out method (“cost of sales impact”); and (ii) the impact of reductions in inventory quantities, causing historical inventory costs to flow through the cost of goods sold (“COGS”) (“liquidation impact”).

The discussion under the heading “Provision for Income Taxes and Reconciliation of Effective Tax Rate to Operating Tax Rate” includes a discussion of our “effective tax rate” and our “operating tax rate” and includes a reconciliation of the two rates. Our operating tax rate is a non-GAAP financial measure and should not be considered as an alternative to our effective tax rate, the most comparable GAAP financial measure. In calculating our operating tax rate, we exclude discrete tax items, which include: i) unusual or infrequent items such as a significant release of a valuation allowance, ii) items related to uncertain tax positions such as the tax impact of audit settlements, interest on tax reserves, and the release of tax reserves from the expiration of statutes of limitations, and iii) other discrete tax items, such as the tax impact of legislative changes and, on a quarterly basis, the timing of losses in certain jurisdictions and the cumulative rate adjustment, if applicable. We also exclude the tax impact of certain items, as defined below in the discussion of Total segment EBIT, on both operating income and the tax provision. Our definition of the operating tax rate may not be comparable to the definition used by other companies. Management believes that the non-GAAP financial measure is useful supplemental information because it helps our investors compare our tax rate year to year on a consistent basis and understand what our tax rate on current operations would be without the impact of these items which we do not believe are reflective of the underlying business results.

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Total segment EBIT is a non-GAAP performance measure, and should not be considered an alternative for Income from continuing operations before taxes, the most directly comparable GAAP financial measure. In calculating Total segment EBIT, we make certain adjustments such as excluding certain items, meaning items that management does not consider representative of our fundamental segment results, as well as items that are not allocated to our business segments, such as interest expense and other corporate costs. Our Chief Operating Decision Maker uses segment EBIT to evaluate the operating results of each segment and to allocate resources to the segments. We believe Total segment EBIT provides useful supplemental information for our investors as it is an important indicator of the Company's operational strength and performance. Investors should consider the limitations associated with this non-GAAP measure, including the potential lack of comparability of this measure from one company to another. A reconciliation of Total segment EBIT to Income from continuing operations before income taxes and equity in earnings of affiliated companies is provided in Note P of our consolidated financial statements.

Cabot is organized into four reportable business segments: Reinforcement Materials, Performance Materials, Advanced Technologies and Purification Solutions. Cabot is also organized for operational purposes into three geographic regions: the Americas; Europe, Middle East and Africa; and Asia Pacific. Discussions of all periods reflect these structures.

Our analysis of financial condition and operating results should be read with our consolidated financial statements and accompanying notes.

### **Overview**

During the first quarter of fiscal 2014, Income from continuing operations before income taxes and equity in earnings of affiliated companies increased compared to the first quarter of fiscal 2013 largely due to higher volumes and a gain recognized on our pre-existing equity investment in our carbon black joint venture in Mexico with Grupo Kuo S.A.B. de C.V. ("KUO"), NHUMO, S.A. de C.V. ("NHUMO"), from our acquisition during the first quarter of fiscal 2014 of KUO's common stock interest in NHUMO. See Note C to our consolidated financial statements for details of the NHUMO transaction.

### **First Quarter Fiscal 2014 versus First Quarter Fiscal 2013—Consolidated**

#### *Net Sales and other operating revenues and Gross Profit*

	Three months ended	
	December 31	
	2013	2012
	(Dollars in millions)	
Net sales and other operating revenues	\$ 899	\$ 820
Gross profit	\$ 179	\$ 147

The \$79 million increase in net sales from the first quarter of fiscal 2013 to the first quarter of fiscal 2014 was due primarily to higher volumes (\$107 million) partially offset by lower prices and unfavorable product mix (combined \$32 million).

Gross profit increased by \$32 million in the first quarter of fiscal 2014 when compared to the same period of fiscal 2013 primarily due to higher volumes.

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*Selling and Administrative Expenses*

	Three months ended December 31	
	2013	2012
	(Dollars in millions)	
Selling and administrative expenses	\$ 77	\$ 73

Selling and administrative expenses increased by \$4 million in the first quarter of fiscal 2014 when compared to the same period of fiscal 2013. The increase was principally driven by higher expenses related to the addition of NHUMO and a higher level of accrued expense related to incentive compensation.

*Research and Technical Expenses*

	Three months ended December 31	
	2013	2012
	(Dollars in millions)	
Research and technical expenses	\$ 16	\$ 19

Research and technical expenses decreased \$3 million in the first quarter of fiscal 2014 when compared to the same period of fiscal 2013. The decrease was driven by lower costs from restructuring-related activities undertaken in the prior year.

[Table of Contents](#)*Interest and Dividend Income, Interest Expense and Other Income*

	Three months ended December 31	
	2013	2012
	(Dollars in millions)	
Interest and dividend income	\$ 1	\$ 1
Interest expense	\$ 14	\$ 16
Other income	\$ 35	\$ 1

Interest and dividend income was consistent in the first quarter of fiscal 2014 as compared to the same period in fiscal 2013.

Interest expense decreased by \$2 million in the first quarter of fiscal 2014 when compared to the same period in fiscal 2013 due to the maturity of long-term debt in the fourth quarter of fiscal 2013 that was refinanced with commercial paper carrying a lower interest rate.

Other income in the first quarter of fiscal 2014 increased by \$34 million as compared to the same period in fiscal 2013 due to a gain recognized on our existing equity investment in NHUMO (\$29 million) as a result of the NHUMO transaction and a favorable comparison of foreign currency movements (\$6 million).

*Provision for Income Taxes and Reconciliation of Effective Tax Rate to Operating Tax Rate*

	Three months ended December 31	
	2013	2012
	(Dollars in millions)	
Provision for income taxes	\$ 24	\$ 19
Effective tax rate	22%	47%
Impact of discrete tax items:		
Unusual or infrequent items	(1)%	(17)%
Items related to uncertain tax positions	1%	(1)%
Other discrete tax items	(1)%	(2)%
Impact of certain items	7%	— %
Operating tax rate	<u>28%</u>	<u>27%</u>

During the first quarter of fiscal 2014, we recorded a tax provision of \$24 million, resulting in an effective tax rate of 22%. This amount included a net discrete tax charge of \$1 million. During the first quarter of fiscal 2013, we recorded a tax provision of \$19 million, resulting in an effective tax rate of 47%. This amount included a net discrete tax charge of \$3 million. The decrease in the effective tax rate in the first quarter of fiscal 2014 is primarily due to a non-taxable gain of \$29 million recognized on the Company's pre-existing investment in NHUMO as a result of the NHUMO transaction. This gain is reported as a certain item. See Note C of the consolidated financial statements for details of the transaction. The operating tax rate for the first quarter of fiscal 2014 was 28%. The operating tax rate for the first quarter of fiscal 2013 was 27%. The increase in the operating tax rate in the first quarter of fiscal 2014 is primarily due to a change in our geographic mix of earnings.

We are currently under audit in a number of jurisdictions outside of the U.S. It is possible that some of these audits will be resolved in fiscal 2014, which may impact our tax expense and effective tax rate going forward. We expect our operating tax rate for fiscal 2014 to be between 26% and 28%.

[Table of Contents](#)*Equity in Earnings of Affiliated Companies and Net Income Attributable to Noncontrolling Interests, net of tax*

	Three months ended December 31	
	2013	2012
	(Dollars in millions)	
Equity in earnings of affiliated companies, net of tax	\$ 2	\$ 3
Net income attributable to noncontrolling interests, net of tax	\$ 6	\$ 4

Equity in earnings of affiliated companies, net of tax, decreased \$1 million in the first quarter of fiscal 2014 compared to the same period in fiscal 2013 reflecting the consolidation of the earnings of NHUMO following the NHUMO transaction.

Net income attributable to noncontrolling interests increased \$2 million in the first quarter of fiscal 2014 as compared to the same period of fiscal 2013 due to higher profitability of our joint ventures.

**Net Income Attributable to Cabot Corporation**

In the first quarter of fiscal 2014, we reported net income attributable to Cabot Corporation of \$80 million (\$1.23 per diluted common share). This is compared to \$20 million (\$0.31 per diluted common share) in the first quarter of fiscal 2013.

**First Quarter Fiscal 2014 versus First Quarter Fiscal 2013—By Business Segment**

Total segment EBIT, certain items, other unallocated items and Income from continuing operations before income taxes and equity in earnings of affiliated companies for the three months ended December 31, 2013 and 2012 are set forth in the table below. The details of certain items and other unallocated items are shown below and in Note P of our consolidated financial statements.

	Three months ended December 31	
	2013	2012
	(Dollars in millions)	
Total segment EBIT	\$ 113	\$ 89
Certain items	24	(20)
Other unallocated items	(29)	(28)
Income from continuing operations before income taxes and equity in earnings of affiliated companies	<u>\$ 108</u>	<u>\$ 41</u>

In the first quarter of fiscal 2014, total segment EBIT increased by \$24 million when compared to the same period of fiscal 2013. The increase was principally driven by higher volumes (\$44 million) partially offset by higher fixed costs (\$20 million) associated with new carbon black capacity and higher maintenance costs in the Purification Solutions segment.



[Table of Contents](#)*Certain Items*

Details of the certain items for the first quarter of fiscal 2014 and 2013 are as follows:

	Three months ended December 31	
	2013	2012
	(Dollars in millions)	
Global restructuring activities	\$ (5)	\$ (6)
Acquisition and integration-related charges	(5)	(14)
Foreign currency gain on revaluations	6	—
Gain on existing investment in NHUMO	29	—
Environmental and legal reserves	(1)	—
Total certain items, pre-tax	<u>24</u>	<u>(20)</u>
<b>Tax-related certain items</b>		
Tax impact of certain items	1	6
Tax impact of certain foreign exchange losses	—	(7)
Discrete tax items	(1)	—
Total tax-related certain items	<u>—</u>	<u>(1)</u>
Total certain items after tax	<u>\$ 24</u>	<u>\$ (21)</u>

Certain items for the first quarter of fiscal 2014 include charges related to restructuring initiatives, acquisition and integration-related charges, foreign currency gain on revaluations, a gain recognized on our existing equity investment in NHUMO, environmental matters and tax certain items. Details of restructuring activities are included in Note L of the consolidated financial statements. Acquisition and integration-related charges include legal and professional fees, the incremental value of inventory as a result of purchase accounting adjustments, and other expenses related to the completion of the acquisitions and the integrations of Purification Solutions and NHUMO. Details of the gain recognized on our existing equity investment in NHUMO are included in Note C of the consolidated financial statements. Tax certain items include discrete tax items, which are unusual and infrequent and the tax impact of certain foreign exchange losses.

*Other Unallocated Items*

	Three months ended December 31	
	2013	2012
	(Dollars in millions)	
Interest expense	\$ (14)	\$ (16)
Equity in earnings of affiliated companies	(2)	(3)
Unallocated corporate costs	(13)	(12)
General unallocated income	—	3
Total other unallocated items	<u>\$ (29)</u>	<u>\$ (28)</u>

Costs from total other unallocated items increased by \$1 million in the first quarter of fiscal 2014 as compared to the same period in fiscal 2013. Interest expense decreased \$2 million in the first quarter of fiscal 2014 when compared to the same period in fiscal 2013 due to the maturity of long-term debt in the fourth quarter of fiscal 2013 that was refinanced with commercial paper carrying a lower interest rate. General unallocated income decreased by \$3 million primarily due to the COGS impact of LIFO accounting from changes in carbon black raw material costs that resulted in an unfavorable comparison.

**Reinforcement Materials**

Sales and EBIT for Reinforcement Materials for the first quarter of fiscal 2014 and fiscal 2013 are as follows:

	Three months ended	
	December 31	
	2013	2012
	(Dollars in millions)	
Reinforcement Materials Sales	\$ 517	\$ 475
Reinforcement Materials EBIT	\$ 64	\$ 50

In the first quarter of fiscal 2014, sales in Reinforcement Materials increased by \$42 million when compared to the first quarter of fiscal 2013. The increase was principally driven by the impact of higher volumes (\$72 million) partially offset by a less favorable price and product mix (combined \$22 million) and the unfavorable impact of foreign currency translation (\$9 million).

EBIT in Reinforcement Materials increased by \$14 million in the first quarter of fiscal 2014 when compared to the same period of fiscal 2013. The increase was principally driven by 15% higher volumes (\$23 million) partially offset by higher fixed costs (\$9 million) primarily associated with new carbon black capacity.

**Performance Materials**

Sales and EBIT for Performance Materials for the first quarter of fiscal 2014 and fiscal 2013 are as follows:

	Three months ended	
	December 31	
	2013	2012
	(Dollars in millions)	
Specialty Carbons and Compounds Sales	\$ 148	\$ 132
Fumed Metal Oxides Sales	69	64
Performance Materials Sales	\$ 217	\$ 196
Performance Materials EBIT	\$ 34	\$ 27

In the first quarter of fiscal 2014, sales for Performance Materials increased by \$21 million when compared to the first quarter of fiscal 2013. The increase was due to higher volumes (\$24 million) and the favorable impact of foreign currency translation (\$2 million) partially offset by an unfavorable price and product mix (combined \$6 million). Volumes in Specialty Carbons and Compounds increased by 16% and volumes in Fumed Metal Oxides increased by 5%.

EBIT in Performance Materials increased by \$7 million in the first quarter of fiscal 2014 when compared to the same quarter of fiscal 2013 due to higher volumes (\$13 million) partially offset by a less favorable price and product mix (\$5 million).

**Advanced Technologies**

Sales and EBIT for Advanced Technologies for the first quarter of fiscal 2014 and 2013 are as follows:

	Three months ended December 31	
	2013	2012
	(Dollars in millions)	
Inkjet Colorants	\$ 15	\$ 16
Aerogel	5	5
Security Materials	1	1
Elastomer Composites	16	8
Specialty Fluids	28	8
Advanced Technologies Sales	<u>\$ 65</u>	<u>\$ 38</u>
Advanced Technologies EBIT	<u>\$ 24</u>	<u>\$ 7</u>

Sales in Advanced Technologies increased by \$27 million in the first quarter of fiscal 2014 when compared to the same period of fiscal 2013 due to higher volumes (\$27 million).

EBIT in Advanced Technologies increased by \$17 million in the first quarter of fiscal 2014 when compared to the same period of fiscal 2013 due to higher volumes (\$16 million) and higher royalties and technology payments in Elastomer Composites (\$5 million) partially offset by higher costs (\$3 million) in the Specialty Fluids business.

**Purification Solutions**

Sales and EBIT for Purification Solutions for the first quarter of fiscal 2014 and fiscal 2013 are as follows:

	Three months ended December 31	
	2013	2012
	(Dollars in millions)	
Purification Solutions Sales	<u>\$ 77</u>	<u>\$ 93</u>
Purification Solutions EBIT	<u>\$ (9)</u>	<u>\$ 5</u>

Sales in Purification Solutions decreased by \$16 million in the first quarter of fiscal 2014 when compared to the same period of fiscal 2013 due to lower volumes (\$17 million) offset by favorable prices and product mix (combined \$1 million).

EBIT in Purification Solutions decreased by \$14 million in the first quarter of fiscal 2014 when compared to the same period of fiscal 2013 due to lower volumes (\$8 million) and higher fixed costs (\$8 million) related to higher maintenance costs and a higher allocation of certain functional and indirect costs. These items were partially offset by favorable pricing and product mix (combined \$1 million).

**Cash Flows and Liquidity****Overview**

Our liquidity position, as measured by cash and cash equivalents plus borrowing availability, decreased by \$139 million during the first quarter of fiscal 2014 due to an increase in working capital, the NHUMO transaction, and capital expenditures. At December 31, 2013, we had cash and cash equivalents of \$105 million, and current availability under our revolving credit agreement of approximately \$359 million. Our revolving credit agreement contains affirmative, negative and financial covenants and events of default customary for financings of this type. The financial covenants in the revolving credit agreement include interest coverage, debt-to-EBITDA and subsidiary debt to total capitalization ratios. As of December 31, 2013, we were in compliance with all applicable covenants.

We generally manage our cash and debt on a global basis to provide for working capital requirements as needed by region or site. Cash and debt are generally denominated in the local currency of the subsidiary holding the assets or liabilities, except where there are operational cash flow reasons to hold non-functional currency or debt. As of December 31, 2013, our U.S. dollar cash and cash equivalent holdings by region were: Asia Pacific \$41 million, Europe \$28 million, and the Americas \$36 million, which included \$8 million in the U.S.

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In January 2013, we initiated a commercial paper program allowing us to issue notes of various tenors up to 364 days. The commercial paper program is backed by our committed revolving credit facility, and the aggregate borrowings under both the commercial paper program and revolving credit agreement cannot exceed the \$750 million limit on the revolving credit agreement. To date the interest on the commercial paper notes has been lower than the interest that we would have paid if we had instead borrowed under our revolving credit agreement. The outstanding balance of commercial paper of \$390 million as of December 31, 2013 is included within the Notes payable caption on the Consolidated Balance Sheets.

At the closing of the NHUMO transaction in November 2013, we paid \$80 million in cash and acquired \$7 million in cash. In addition, prior to the closing, we received a cash dividend from NHUMO of approximately \$14 million.

We anticipate sufficient liquidity from (i) cash on hand; (ii) cash flows from operating activities; and (iii) cash available from our revolving credit agreement and our commercial paper program to meet our operational and capital investment needs and financial obligations for the foreseeable future. Our liquidity derived from cash flows from operations is, to a large degree, predicated on our ability to collect our receivables in a timely manner, the cost of our raw materials, and our ability to manage inventory levels.

### *Discontinued Operations*

Our Consolidated Statements of Cash Flows have been presented to include discontinued operations with continuing operations. Therefore, unless noted otherwise, the following discussion of our cash flows and liquidity position include both continuing and discontinued operations.

In January 2012, we completed the sale of our Supermetals Business, which we classified as discontinued operations beginning in the fourth quarter of fiscal 2011 when we entered into the sale and purchase agreement for its sale. In connection with the sale, we received \$175 million on the closing date and notes for additional minimum consideration totaling approximately \$277 million payable at various dates through the second quarter of fiscal 2014. Through December 31, 2013, Cabot received payments of \$62 million under the GAM Notes that became due. The carrying value of the GAM Notes at December 31, 2013 was \$215 million, which is equivalent to the contractual amount due on March 31, 2014. The carrying value of the GAM Notes was presented as Notes receivable from sale of business on the Consolidated Balance Sheets.

The following discussion of the changes in our cash balance refers to the various sections of our Consolidated Statements of Cash Flows.

### **Cash Flows from Operating Activities**

Cash used in operating activities, which consists of net income adjusted for the various non-cash items included in income, changes in working capital and changes in certain other balance sheet accounts, totaled \$18 million in the first three months of fiscal 2014, compared to \$51 million during the same period of fiscal 2013.

Cash used in operating activities in the first three months of fiscal 2014 was driven primarily by net income of \$86 million plus \$51 million of depreciation and amortization and \$17 million of dividends from equity affiliates. These sources of cash were partially offset by a net increase in working capital (inventories plus accounts and notes receivable, less accounts payable and accrued liabilities). Our working capital increase during the first three months of fiscal 2014 was driven primarily by higher accounts receivable, higher inventories and lower accounts payable and accrued liabilities due to the timing and payout of certain corporate accruals.

Cash used in operating activities in the first three months of fiscal 2013 was driven primarily by an increase in working capital (Inventories plus Accounts and notes receivable, less Accounts payable and accrued liabilities) and a decrease in income taxes payable. Partially offsetting these uses of cash were net income and depreciation and amortization. Our working capital increase during the first quarter of fiscal 2013 was driven by higher inventory, lower accounts payable and accrued liabilities due to the timing and payout of certain corporate accruals, and lower accounts receivable due to lower volumes.

### **Cash Flows from Investing Activities**

In the three months ended December 31, 2013, investing activities consumed \$119 million of cash and were primarily driven by capital expenditures of \$42 million and cash paid in the NHUMO transaction of \$80 million. For the three months ended December 31, 2012, cash flows from investing activities were primarily driven by capital expenditures partially offset by \$19 million of cash received from the notes receivable from the sale of the Supermetals business in the three months ended December 31, 2012.

During the three months ended December 31, 2013, capital expenditures were primarily related to sustaining and compliance capital projects at our operating facilities, site development at our mine in Marshall, Texas, to support the future raw materials supply for the Purification Solutions business, investments in energy recovery technology, and capital spending required for process technology and product differentiation projects.

Capital expenditures for the remainder of fiscal 2014 are expected to be between \$150 million to \$200 million. Our planned capital spending program for the remainder of fiscal 2014 is primarily for sustaining and compliance capital projects at our operating facilities, investments in energy related projects, and site-development initiatives.

### **Cash Flows from Financing Activities**

Financing activities provided \$155 million primarily related to net inflows of \$149 million from our commercial paper program. In the first three months of fiscal 2014, our overall debt balance increased by \$167 million primarily driven by the acquisition of NHUMO, capital expenditures and working capital increases.

Financing activities provided \$67 million of cash during the first three months of fiscal 2013. Financing activities included a net increase in debt of \$82 million partially offset by dividends paid to our shareholders of \$13 million.

### **Venezuela**

We own 49% of an operating affiliate in Venezuela, which is accounted for as an equity affiliate, through wholly owned subsidiaries that carry the investment and receive its dividends. As of December 31, 2013, these subsidiaries carried the operating affiliate investment of \$23 million and held 20 million bolivars (\$3 million) in cash.

During the three months ended December 31, 2013 and 2012, the operating affiliate declared dividends of 11 million bolivars (\$2 million) and 4 million bolivars (\$1 million), respectively, to our wholly owned subsidiaries, which were paid in U.S. dollars and repatriated.

The Venezuelan bolivars held by Cabot's wholly owned subsidiaries may only be exchanged for foreign currencies through certain Venezuelan government controlled channels. The channels available are the Venezuelan central bank ("CADIVI"), and Venezuelan government and government-backed bond offerings. The bond offerings use a bidding process, where companies and individuals requiring U.S. dollars place a request for a fixed sum, and CADIVI then determines how to allocate the pool of U.S. dollars in that issuance. We closely monitor our ability to convert our bolivar holdings into U.S. dollars, as we intend to convert substantially all bolivars held by our wholly owned subsidiaries in Venezuela to U.S. dollars as soon as practical. Any future change in the CADIVI official rate or opening of additional parallel markets could lead us to change the exchange rate we use and result in gains or losses on the bolivar denominated assets held by our wholly owned subsidiaries.

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### **Purchase Commitments**

Cabot has entered into long-term purchase agreements primarily for the purchase of raw materials. Under certain of these agreements the quantity of material being purchased is fixed, but the price paid changes as market prices change. For those commitments, the amounts included in the table below are based on market prices at December 31, 2013.

	Payments Due by Fiscal Year						Total
	Remainder of Fiscal 2014	2015	2016	2017	2018	Thereafter	
	(Dollars in millions)						
Reinforcement Materials	\$ 265	\$296	\$228	\$183	\$178	\$ 2,793	\$3,943
Performance Materials	32	39	33	30	30	236	400
Advanced Technologies	2	2	1	1	1	—	7
Purification Solutions	20	16	9	9	9	16	79
<b>Total</b>	<b>\$ 319</b>	<b>\$353</b>	<b>\$271</b>	<b>\$223</b>	<b>\$218</b>	<b>\$ 3,045</b>	<b>\$4,429</b>

### **Off-balance sheet arrangements**

Cabot has no material transactions that meet the definition of an off-balance sheet arrangement.

### **Forward-Looking Information**

This report on Form 10-Q contains “forward-looking statements” under the Federal securities laws. These forward-looking statements address expectations or projections about the future, including our expectations concerning the receipt of the cash proceeds due to us from the sale of our Supermetals Business; the amount and timing of the charge to earnings we will record and the cash outlays we will make in connection with the closing of certain manufacturing facilities and restructuring initiatives; our estimated future amortization expenses for our intangible assets; the sufficiency of our cash on hand, cash provided from operations and cash available under our credit facilities to fund our cash requirements; uses of available cash including anticipated capital spending and future cash outlays associated with long-term contractual obligations; our expected tax rate for fiscal 2014; the recoverability of our equity affiliate investment in Venezuela; and the possible outcome of legal and environmental proceedings. From time to time, we also provide forward-looking statements in other materials we release to the public and in oral statements made by authorized officers.

Forward-looking statements are based on our current expectations, assumptions, estimates and projections about Cabot’s businesses and strategies, market trends and conditions, economic conditions and other factors. These statements are not guarantees of future performance and are subject to risks, uncertainties, potentially inaccurate assumptions, and other factors, some of which are beyond our control or difficult to predict. If known or unknown risks materialize, or should underlying assumptions prove inaccurate, our actual results could differ materially from those expressed in the forward-looking statements.

In addition to factors described elsewhere in this report, the following are some of the factors that could cause our actual results to differ materially from those expressed in the forward-looking statements: changes in raw material costs; lower than expected demand for our products; the loss of one or more of our important customers; our inability to complete capacity expansions or other development projects, including at our mine in Manitoba, as planned; the timing of implementation of environmental regulations; the availability of raw materials; our failure to develop new products or to keep pace with technological developments; fluctuations in currency exchange rates; patent rights of others; stock and credit market conditions; the timely commercialization of products under development (which 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); demand for our customers’ products; competitors’ reactions to market conditions; delays in the successful integration of structural changes, including acquisitions or joint ventures; severe weather events that cause business interruptions, including plant and power outages or disruptions in supplier or customer operations; the accuracy of the assumptions we used in establishing a reserve for our share of liability for respirator claims; and the outcome of pending litigation. Other factors and risks are discussed in our 2013 10-K.

## **Recently Issued Accounting Pronouncements – Not Yet Adopted**

In July 2013, the FASB issued a new standard related to the “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists”. The standard requires, unless certain conditions exist, an unrecognized tax benefit or a portion of an unrecognized tax benefit be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, similar to a tax loss or a tax credit carryforward. This standard is applicable for fiscal years beginning after December 15, 2013, and for interim periods within those years. Accordingly, we will adopt this standard beginning October 1, 2014, in the beginning of the first quarter of our 2015 fiscal year. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements and we do not expect the impact to be material.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Information about market risks for the period ended December 31, 2013 does not differ materially from that discussed under Item 7A of our 2013 10-K.

### **Item 4. Controls and Procedures**

As of December 31, 2013, we carried out an evaluation, under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based upon that evaluation, our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of that date.

There were no changes in our internal control over financial reporting that occurred during our fiscal quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **Part II. Other Information**

### **Item 1. Legal Proceedings**

#### *Respirator Liabilities*

We have exposure in connection with a safety respiratory products business that a subsidiary acquired from American Optical Corporation (“AO”) in an April 1990 asset purchase transaction. The subsidiary manufactured respirators under the AO brand and disposed of that business in July 1995. In connection with its acquisition of the business, the subsidiary agreed, in certain circumstances, to assume a portion of AO’s liabilities, including costs of legal fees together with amounts paid in settlements and judgments, allocable to AO respiratory products used prior to the 1990 purchase by the Cabot subsidiary. As more fully described in our 2013 10-K, the respirator liabilities involve claims for personal injury, including asbestosis, silicosis and coal worker’s pneumoconiosis, allegedly resulting from the use of respirators that are alleged to have been negligently designed or labeled.

As of both December 31, 2013 and September 30, 2013, there were approximately 42,000 claimants in pending cases asserting claims against AO in connection with respiratory products. We have a reserve to cover our expected share of liability for existing and future respirator liability claims. At December 31, 2013 and September 30, 2013, the reserve was \$10 million and \$11 million, respectively, on a discounted basis (\$14 million and \$15 million on an undiscounted basis at December 31, 2013 and September 30, 2013, respectively). The reserve is being accreted up to the undiscounted liability through interest expense over the expected cash flow period, which is through 2062. Cash payments related to this liability were \$2 million and less than \$1 million in the first three months of fiscal 2014 and 2013, respectively.

#### *Other Matters*

We are subject to various other lawsuits, claims and contingent liabilities. In our opinion, although final disposition of some or all of these other suits and claims may impact our consolidated financial statements in a particular period, they should not, in the aggregate, have a material adverse effect on our financial position.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

The table below sets forth information regarding Cabot's purchases of its equity securities during the quarter ended December 31, 2013:

**Issuer Purchases of Equity Securities**

<b>Period</b>	<b>Total Number of Shares Purchased<sup>(1)</sup></b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs<sup>(1)</sup></b>	<b>Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs<sup>(1)</sup></b>
October 1, 2013 - October 31, 2013	—	\$ —	—	1,636,167
November 1, 2013 - November 30, 2013	—	\$ —	—	1,636,167
December 1, 2013 - December 31, 2013	—	\$ —	—	1,636,167
Total	—	—	—	—

- (1) On May 11, 2007, we publicly announced that the Board of Directors authorized us to repurchase five million shares of our common stock on the open market or in privately negotiated transactions. On September 14, 2007, the Board of Directors increased the share repurchase authorization to 10 million shares (the "2007 Authorization"). This authorization does not have a set expiration date. In the first quarter of fiscal 2014 we did not repurchase shares under this authorization.



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**Item 6. Exhibits**

<u>Exhibit No.</u>	<u>Description</u>
Exhibit 10.1 <sup>+</sup>	Cabot Corporation Deferred Compensation and Supplemental Retirement Plan, amended and restated January 1, 2014.
Exhibit 10.2 <sup>+</sup>	Cabot Corporation Non-Employee Directors' Deferral Plan, amended and restated January 1, 2014.
Exhibit 31.1 <sup>*</sup>	Certification of Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
Exhibit 31.2 <sup>*</sup>	Certification of Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
Exhibit 32 <sup>**</sup>	Certifications of the Principal Executive Officer and the Principal Financial Officer pursuant to 18 U.S.C. Section 1350.
Exhibit 101.INS <sup>*</sup>	XBRL Instance Document.
Exhibit 101.SCH <sup>*</sup>	XBRL Taxonomy Extension Schema Document.
Exhibit 101.CAL <sup>*</sup>	XBRL Taxonomy Calculation Linkbase Document.
Exhibit 101.DEF <sup>*</sup>	XBRL Taxonomy Extension Definition Linkbase Document.
Exhibit 101.LAB <sup>*</sup>	XBRL Taxonomy Label Linkbase Document.
Exhibit 101.PRE <sup>*</sup>	XBRL Taxonomy Presentation Linkbase Document.

\* Filed herewith.

\*\* Furnished herewith.

+ Management contract or compensatory plan or arrangement.

Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Operations for the three ended December 31, 2013 and 2012; (ii) the Consolidated Statements of Comprehensive Income for the three months ended December 31, 2013 and 2012; (iii) the Consolidated Balance Sheets at December 31, 2013 and September 30, 2013; (iv) the Consolidated Statements of Cash Flows for the three months ended December 31, 2013 and 2012; and (v) Notes to Consolidated Financial Statements, December 31, 2013.

**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 6, 2014

By: /s/ EDUARDO E. CORDEIRO  
Eduardo E. Cordeiro  
*Executive Vice President and Chief Financial Officer*  
*(Duly Authorized Officer)*

Date: February 6, 2014

By: /s/ JAMES P. KELLY  
James P. Kelly  
*Vice President and Controller*  
*(Chief Accounting Officer)*

## Table of Contents

<u>Exhibit No.</u>	<u>Description</u>
Exhibit 10.1+*	Cabot Corporation Deferred Compensation and Supplemental Retirement Plan, amended and restated January 1, 2014.
Exhibit 10.2+*	Cabot Corporation Non-Employee Directors' Deferral Plan, amended and restated January 1, 2014.
Exhibit 31.1*	Certification of Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
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**CABOT CORPORATION**  
**DEFERRED COMPENSATION AND SUPPLEMENTAL RETIREMENT PLAN**

**(Amended and Restated January 1, 2014)**

**PREAMBLE**

As of the Effective Date, the Cabot Corporation Supplemental Retirement Savings Plan and the Cabot Corporation Supplemental Cash Balance Plan are hereby merged with and into the Cabot Corporation Deferred Compensation Plan, and the combined plan, as set forth herein, is amended, restated and renamed the Cabot Corporation Deferred Compensation and Supplemental Retirement Plan (the "Plan").

Part I of the Plan sets forth administrative provisions generally applicable to the Plan, Part II of the Plan sets forth the provisions formerly contained in the Cabot Corporation Deferred Compensation Plan, as amended hereby, Part III sets forth the provisions formerly contained in the Cabot Corporation Supplemental Retirement Savings Plan, as amended hereby, and Part IV sets forth the provisions formerly contained in the Supplemental Cash Balance Plan, as amended hereby. It is intended that, as of the Effective Date, the Plan constitute a single plan for purposes of ERISA and the Code.

The Plan is intended to be "a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

The provisions of the Plan, as amended and restated as provided for herein, are effective as of the Effective Date, except as otherwise expressly provided herein. Except as otherwise expressly provided herein, the rights of a Participant who ceased to be an Employee prior to the Effective Date shall be determined in accordance with the terms of the Cabot Corporation Supplemental Retirement Savings Plan, the Cabot Corporation Supplemental Cash Balance Plan and the Cabot Corporation Deferred Compensation Plan, each as in effect from time to time before the Effective Date.

**PART I**

**(Administrative Provisions Applicable to Parts II, III & IV)**

## SECTION 1 General Definitions

Wherever used in the Plan (including the Preamble), the following terms have the meaning set forth below, unless a different meaning is clearly required by the context.

1.1. "Account" means a memorandum account established by the Company on behalf of participants under the Plan, including where the context requires any sub-account. The Committee shall establish the Accounts described in Parts II and III of the Plan and such other Accounts and subaccounts as may be necessary or desirable to implement the terms of the Plan.

1.2. "Administrator" means the Committee, or such other committee, person or persons as the Board may designate. The term "Administrator" shall also include delegates of any of the foregoing.

1.3. "Affiliated Employer" means (a) the Company; (b) any corporation (other than the Company) that is a member of a controlled group of corporations (as defined in section 414(b) of the Code) with the Company; (c) any trade or business (other than the Company) that is under common control (as defined in section 414(c) of the Code) with the Company; (d) any trade or business (other than the Company) that is a member of an affiliated service group (as defined in section 414(m) of the Code) of which the Company is also a member; and (e) to the extent required by the regulations under section 414(o) of the Code, any other organization; provided that the term "Affiliated Employer" shall not include any corporation or unincorporated trade or business prior to the date on which such corporation, trade or business satisfies the affiliation or control tests of (b), (c), (d) or (e) above.

1.4. "Board" means the Board of Directors of the Company.

1.5. "Cash Balance Plan" means the Cabot Cash Balance Plan, as amended from time to time.

1.6. "Change in Control" means the first to occur of one of the following events:

(a) any "person" as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange 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) under the Exchange Act), together with all affiliates and associates (as such terms are used in Rule 12b-2 of the General Rules and Regulations under the Exchange 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; or

(b) the consummation of a merger or consolidation of the Company with any other company, other than (i) a merger or consolidation which results 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 (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (with the exceptions 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, 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<sup>rd</sup>) 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 complete liquidation of the Company or the sale or disposition by the Company of all or substantially all of the Company's assets.

Notwithstanding the foregoing provisions of this Section 1.6, a Change in Control will be deemed to occur for purposes of determining the time and form of payment under the Plan only if the Change in Control constitutes a change in control event within the meaning of Treas. Regs. § 1.409A-3(i)(5)(i).

1.7. "Code" means the Internal Revenue Code of 1986, as amended.

1.8. "Committee" means the Benefits Committee, whose members are appointed by the Compensation Committee and serve at the Compensation Committee's pleasure.

1.9. "Company" means Cabot Corporation.

1.10. "Compensation Committee" means the Compensation Committee of the Board.

1.11. "Effective Date" means January 1, 2014.

1.12. "Employer" means the Company and/or any Affiliated Employer, as required by the context.

1.13. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

1.14. "401(k) Plan" means the Cabot 401(k) Plan, as amended from time to time (formerly the Cabot Retirement Savings Plan).

1.15. "Participant" means an individual who participates in the Plan in accordance with Parts II, III and/or IV.

1.16. "Plan" means this Cabot Corporation Deferred Compensation and Supplemental Retirement Plan, as amended from time to time.

1.17. "Section 409A" means Section 409A of the Code and guidance issued thereunder.

1.18. "Separation from Service" means and correlative terms mean a "separation from service" (as that term is defined at Treas. Regs. § 1.409A-1(h), after giving effect to the presumptions contained therein) from the Company and from all other corporations and trades or businesses, if any, that would be treated as a single "service recipient" with the Company under Treas. Regs. § 1.409A-1(h)(3).

1.19. "Specified Employee" means a Participant who (i) has a Separation from Service in the period beginning July 1 of any given year and ending June 30 of the following year and (ii) was a "key employee" (determined under Section 416(i)(1)(A)(i), (ii) or (iii) of the Code, applied in accordance with the regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time during the 12-month period ending on the March 31 immediately preceding such July 1; provided, however, that such Participant will be treated as a Specified Employee hereunder only if on the date of such Participant's Separation from Service, the Company (or any other corporation forming part of the Employer) is a corporation any stock of which is publicly traded on an established securities market or otherwise.

## SECTION 2 Administration

2.1. Administrator of the Plan. This Plan shall be administered by the Committee in accordance with its terms and purposes. The Committee shall determine, in accordance with Parts II, III and IV of the Plan, the amount and manner of payment of the benefits due to or on behalf of each Participant from this Plan and shall cause them to be paid by the Company accordingly. The Committee may delegate its powers, duties and responsibilities to one or more individuals or one or more committees of such individuals.

2.2. Powers of the Administrator. The Administrator shall have full power to interpret and administer the Plan. Without limiting the foregoing, the Administrator shall have full discretionary power and authority, not inconsistent with the express provisions of the Plan, to select those individuals who may participate in the Plan; to determine the amount of their benefits under the Plan; to determine their eligibility to commence receipt of benefits and the form of benefits (including, without limitation, any determination as to the proper treatment of leaves of absence and other periods of service to the Employer); to adopt, alter, and repeal such rules, guidelines and procedures for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to prescribe the form of any election under the Plan; and otherwise to supervise the administration of the Plan.



2.3. Finality of Decision. The decisions made by and the actions taken by the Committee in the administration of this Plan shall be final and conclusive with respect to all persons, and neither the Committee nor individual members thereof, nor its or their delegates hereunder, shall be subject to individual liability with respect to this Plan.

2.4. Benefit Claims; Appeal and Review.

(a) If any person believes that he or she is being denied any rights or benefits under this Plan, such person may file a claim in writing with the Committee or its designee. If any such claim is denied the Committee or its designee will notify such person of its decision in writing. Such notification shall be written in a manner calculated to be understood by such person and will contain (i) specific reasons for such denial, (ii) specific reference to pertinent plan provisions, (iii) a description of any additional material or information necessary for such person to perfect such claim and an explanation of why such material or information is necessary, (iv) information as to the steps to be taken if the person wishes to submit a request for review; and (v) the person's right to bring a civil action under Section 502(a) of ERISA if such person's claim is denied upon review. Such notification will be given within 90 days after the claim is received by the Committee or its designee (or within 180 days, if special circumstances require an extension of time for processing the claim, and if written notice of such extension and circumstances is given to such person within the initial 90-day period).

(b) Within 60 days after the date on which a person receives a written notice of a denied claim, such person (or his or her duly authorized representative) may (i) file a written request with the Committee for a review of his or her denied claim and of pertinent documents, (ii) submit written issues and comments to the Committee, and (iii) review or request (free of charge) copies of all documents, records and other information relevant to the claim. The Committee will notify such person of its decision in writing. Notification of an adverse decision will be written in a manner calculated to be understood by such person and will contain specific reasons for the decision as well as specific references to pertinent Plan provisions. Such notification will also state that the person is entitled to review or request (free of charge) copies of all documents, records and other information relevant to the claim, and to bring a civil action under Section 502(a) of ERISA. The decision on review will be made within 60 days after the request for review is received by the Committee (or within 120 days, if special circumstances require an extension of time for processing the request, such as an election by the Committee to hold a hearing, and if written notice of such extension and circumstances is given to such person within the initial 60-day period).

(c) For purposes of this Section 2.4, the terms "written" and "in writing" shall include the use of electronic or other paperless media approved by the Administrator.

### SECTION 3 Financing of Benefits

3.1. Benefits Unfunded. This Plan shall not be construed to create a trust of any kind or a fiduciary relationship between any Employer and a Participant. Neither Plan Participants

nor their beneficiaries, nor any other person, shall have any rights against any Employer or its assets in respect of any benefits hereunder, other than rights as general creditors. Nothing in this Section 3.1, however, shall preclude an Employer from establishing and funding a trust for the purpose of paying benefits hereunder, if such trust's assets are subject to the claims of the Employer's general creditors in the event of bankruptcy or insolvency.

#### SECTION 4 Amendment and Termination

4.1. Amendment and Termination. The Board may terminate the Plan at any time and may amend the Plan at any time and from time to time, including amendments with retroactive effect; *provided*, that no such amendment shall, without the consent of the affected Participant, reduce any Participant's earned benefits under the Plan below what they were immediately prior to the taking of such action. For clarification, fluctuations in a Participant's Accounts under the Plan are not "amendments" for purposes of the immediately preceding sentence.

Notwithstanding the foregoing, the Committee may adopt non-material amendments to the Plan on behalf of the Board.

If it determines such action to be necessary to preserve or reinstate the Plan's status as a "top hat" plan under Sections 201(a)(2), 301(a)(3) or 401(a)(1) of ERISA, or to ensure effective tax deferral under the Plan, the Administrator may at any time exclude any individual from Participation in the Plan or may make such changes in the rules under the Plan as are reasonably determined by the Administrator to be necessary to accomplish such result or results, provided, however, that such changes must be consistent with the requirements of Section 409A.

Notwithstanding any other provision of the Plan, during the two-year period immediately following a Change in Control, the Plan may not be terminated, altered or amended in a way that would decrease future accrual of, eligibility for, or entitlement to, benefits under the Plan. This Section 4.1 may not be altered or amended during that same two-year period in any way except with the prior written consent of a majority of the then Plan Participants.

Upon termination of the Plan in general or as to any Participant or group of Participants, the Administrator may, but need not, to the extent consistent with Section 409A, provide for immediate distribution of Accounts to the affected Participants.

#### SECTION 5 Miscellaneous

5.1. No Employment Rights. By participating in the Plan, each Participant expressly acknowledges and agrees that (i) nothing in the Plan or in its operation, including deferrals under Part II of the Plan, limits the right of the Company or any other Employer to terminate the employment or other services of the Participant at any time, with or without cause, and that (ii) neither he or she, nor his or her beneficiaries, will claim lost compensation or tax benefits associated with discontinuance of participation in the Plan as damages or as a measure of damages in connection with any termination of employment or other services.

5.2. Assignment. Each Employer's obligations under the Plan shall be binding upon its successors and assigns. The rights of Participants and beneficiaries under the Plan are not

subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of such Participants and beneficiaries. Any attempt by any person other than Participants or their beneficiaries to bring a claim under the Plan shall be null and void.

5.3. Withholding, Etc. Benefits payable under this Plan shall be subject to all applicable federal, state or other tax withholding requirements. To the extent any amount credited hereunder to a Participant's account is treated as "wages" for FICA/Medicare or FUTA tax purposes on a current basis (or when vested), rather than when distributed, all as determined by the Committee, then the Committee shall require that the Participant either (i) timely pay such taxes in cash by separate check to his or her Employer, or (ii) make other arrangements satisfactory to such Employer (e.g., additional withholding from other wage payments) for the payment of such taxes. To the extent a Participant fails to pay or provide for such taxes as required, the Committee may suspend the Participant's participation in the Plan or reduce amounts credited or to be credited hereunder.

5.4. Distribution of Taxable Amounts. Notwithstanding anything in the Plan to the contrary, in the event a Participant incurs a tax liability with respect to his or her benefit provided under the Plan at a time prior to the Participant's receipt of such benefits, the Administrator may make a partial advance distribution to a Participant at the time benefits are required to be included in such Participant's taxable income in an amount no greater than the aggregate income and employment tax withholding attributable to such inclusion in income; provided such distribution is permitted under Section 409A and the regulations promulgated thereunder. The amount of a Participant's benefit under the Plan shall be reduced by the value of any distributions made pursuant to this Section 5.4.

5.5. No Guarantee of Benefits. Nothing contained in the Plan shall constitute a guarantee by the Company, any Employer, the Committee, or any other person or entity that the assets of the Company or any Employer will be sufficient to pay any benefits hereunder. No Participant shall have any right to receive a benefit payment under the Plan except in accordance with the terms of the Plan. With respect to Parts II, III and IV of the Plan, neither the Company nor any Employer, nor any of their employees, officers, directors, stockholders or agents, nor the Committee or any other person or entity charged with administrative responsibilities under the Plan in any way guarantees any Participant's Accounts under the Plan against loss or depreciation, whether caused by poor performance of an earnings measure or by any other event or occurrence.

5.6. Incapacity of Recipient. If any person entitled to a benefit payment under the Plan is deemed by the Committee to be incapable of personally receiving and giving a valid receipt for such payment, then, unless and until claim therefor shall have been made by a duly appointed guardian or other legal representative of such person, the Committee may provide for such payment or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person.

Any such payment shall be a payment for the account of such person and a complete discharge of any liability of the Company and all Employers and the Plan therefor.

5.7. Limitations on Liability. Notwithstanding any other provisions of the Plan, neither the Company nor any Employer, nor any of their employees, officers, directors, stockholders or agents, nor the Committee or any other person or entity charged with administrative responsibilities under the Plan shall be liable to any Participant or other person for any claim, loss, liability or expense incurred in connection with the Plan. Without limiting the generality of the foregoing, neither the Company nor any Employer, nor any of their employees, officers, directors, stockholders or agents, nor the Committee or any other person or entity charged with administrative responsibilities under the Plan, shall be liable to any employee or former employee of the Company, or to any spouse or other beneficiary of any such employee or former employee, by reason of the failure of any benefit under the Plan to comply with the requirements of, or qualify for an exemption from, Section 409A, or for the failure of any Participant, beneficiary or other individual or entity to be entitled to any particular tax consequences with respect to the Plan or any credit or payment hereunder.

5.8. Provisions to Facilitate Plan Operations. If it is impossible or difficult to ascertain the person to receive any benefit under the Plan, the Committee may, in its discretion and subject to applicable law, direct payment to the person it deems appropriate consistent with the Plan's purposes, or retain such amounts in the Plan for payment to a court pending judicial determination of the rights thereto. Any payment under this Section 5.8 shall be a complete discharge of any liability for the making of such payment under the provisions of the Plan.

5.9. Required Delay for Specified Employees. Notwithstanding any provision of this Plan to the contrary, no amount that is considered nonqualified deferred compensation subject to Section 409A will be distributed by the Plan to any Specified Employee upon such person's Separation from Service prior to the date that is six months after the date of Separation from Service (or, if earlier, such person's death).

5.10. Correction of Payment Mistakes. Any mistake in the payment of a Participant's benefits under the Plan may be corrected by the Committee when the mistake is discovered. The mistake may be corrected in any reasonable manner authorized by the Committee (e.g., adjustment in the amount of future benefit payments, repayment to the Plan of an overpayment, or catch-up payment to a Participant for an underpayment). In appropriate circumstances (e.g., where a mistake is not timely discovered), the Committee may waive the making of any correction. A Participant, beneficiary or other individual or entity receiving an overpayment by mistake shall repay the overpayment if requested to do so by the Committee.

5.11. Schedules. The Compensation Committee may by schedule modify the benefits available under the Plan to one or more specified individuals. The provisions of each such schedule shall, with respect to the individual or individuals thereby affected, be deemed a part of the Plan and shall be incorporated herein.

5.12. Law Applicable. This Plan shall be construed in accordance with the laws of the Commonwealth of Massachusetts.

## **PART II**

### **Deferred Compensation Plan**

#### **(Formerly the Cabot Corporation Deferred Compensation Plan)**

##### **Introduction to Part II**

The Cabot Corporation Deferred Compensation Plan (the "Deferred Compensation Plan") was originally established effective January 1, 1995 in order to further the business interests of the Company by providing eligible employees an opportunity to defer some or all of their compensation on an unfunded, nonqualified basis. The Deferred Compensation Plan was subsequently amended and restated effective as of January 1, 2005, and was thereafter amended by Amendment No. 1 effective November 9, 2007, by Amendment No. 2 effective January 1, 2009 and by Amendment No. 3 effective January 1, 2013.

The Deferred Compensation Plan as amended and restated effective January 1, 2005 provided that amounts deferred that were earned and vested on or before December 31, 2004 (including all income, gains and losses credited or charged with respect thereto) ("grandfathered deferrals") would continue to be subject to the terms of the Deferred Compensation Plan as in effect on October 3, 2004. With respect to amounts deferred on and after January 1, 2005 (including all income, gains and losses credited or charged with respect thereto) ("non-grandfathered deferrals"), the Deferred Compensation Plan, as amended and restated effective January 1, 2005, was intended to comply with the requirements of Section 409A.

The provisions of this amended and restated Deferred Compensation Plan forming Part II of the Plan as set forth herein are effective as of January 1, 2014 with respect to amounts deferred on and after such date. Non-grandfathered deferrals under the Deferred Compensation Plan prior to January 1, 2014 remain subject to the terms of the Deferred Compensation Plan as in effect on December 31, 2013, and grandfathered deferrals remain subject to the terms of the Deferred Compensation Plan as in effect on October 3, 2004.

Concurrent with the amendment and restatement of the Deferred Compensation Plan effective January 1, 2014, non-employee members of the Board will not be eligible to participate in this amended Deferred Compensation Plan forming Part II of the Plan, and any deferrals made to the Deferred Compensation Plan by such individuals prior to such date will be payable in accordance with applicable provisions of the Cabot Corporation Non-Employee Directors' Deferral Plan, as amended from time to time.

The purpose of this amended and restated Deferred Compensation Plan forming Part II of the Plan is to further the business interests of the Company by providing eligible employees an opportunity to defer some or all of their compensation on an unfunded, nonqualified basis in "a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees", within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

Except as otherwise specifically provided herein, the rights and benefits of an individual who was a participant in the Deferred Compensation Plan and ceased to be a participant in the

Deferred Compensation Plan on or prior to December 31, 2013 will be determined in accordance with the provisions of the Deferred Compensation Plan as in effect on the date he or she ceased to be a participant and in accordance with the requirements of Section 409A, as applicable. A copy of the Cabot Corporation Deferred Compensation Plan as in effect on December 31, 2013 (together with a copy of the Cabot Corporation Deferred Compensation Plan as in effect on October 3, 2004 and appended thereto) is attached hereto as Appendix B and incorporated by reference into Part II of the Plan.

## SECTION 6 Definitions Applicable to Part II

Wherever used in this Part II of the Plan, the following terms have the meaning set forth below, unless a different meaning is clearly required by the context. Capitalized words and phrases that are not defined herein shall have the meanings assigned to them in Section 1 of the Plan.

6.1. "Deferred Account" means an Account, including where the context requires any subaccount, maintained by the Administrator to reflect the Participating Employer's unfunded deferred compensation obligation to a Part II Participant with respect to deferrals on and after January 1, 2014 under this Part II of the Plan.

6.2. "Earnings Measure" means an interest rate, stock index, bond index, mutual fund or other objective external measure of investment performance specified by the Administrator for purposes of measuring and crediting notional earnings under Section 8.2 below.

6.3. "Eligible Employee" means an individual employed by a Participating Employer who is (i) determined by the Administrator to qualify as a "highly compensated or management" employee for purposes of Sections 201(a)(2), 301(a)(3) and 401(a)(1) of ERISA, and (ii) designated by the Administrator as eligible to participate in the Plan, provided that such designation has not been revoked by the Administrator.

6.4. "Eligible Pay" means base salary, amounts payable under the Company's short-term incentive program, and sales incentive bonuses. The Administrator in its discretion may include other categories of remuneration in, or exclude categories of remuneration from, the definition of "Eligible Pay," either in general or in particular cases.

6.5. "Moody's Rate" means, for any calendar year, the interest rate specified in Moody's Bond Record under the heading of "Moody's Corporate Bond Yield Averages – Av. Corp.," as published for the month of November preceding the calendar year.

6.6. "Part II Participant" means an Eligible Employee who participates in Part II of the Plan.

6.7. "Participating Employer" means the Company and its subsidiaries listed in Appendix A hereto.

6.8. "Retirement/Termination Account" means an Account established by the Administrator under Section 9.1 to reflect the amounts payable to a Part II Participant upon a Separation from Service as specified in the Part II Participant's deferral election submitted in accordance with Section 7. Unless otherwise determined by the Administrator, no more than two (2) Retirement/Termination Accounts may be maintained in respect of a Part II Participant. The first Retirement/Termination Account that is established under the Plan in respect of a Part II Participant shall be the Part II Participant's "Primary Retirement/Termination Account". If a second Retirement/Termination Account is established under the Plan in respect of a Part II Participant, such Retirement/Termination Account will be the Part II Participant's "Secondary Retirement/Termination Account".

6.9. "Specified Date Account" means an Account established by the Administrator under Section 9.1 to reflect the amounts payable to a Part II Participant at a specified future date as specified in the Part II Participant's deferral election form submitted in accordance with Section 7. Unless otherwise determined by the Administrator, no more than five (5) Specified Date Accounts may be maintained in respect of a Part II Participant. A Specified Date Account may be identified in enrollment materials as an "In-Service Account" or such other name as established by the Administrator without affecting the meaning thereof.

#### SECTION 7 Deferral Election.

7.1. In general. Each Eligible Employee may elect to defer hereunder a specified portion or percentage of his or her Eligible Pay to be earned for services performed in any calendar year. Except as the Administrator may otherwise determine, Eligible Pay is earned for services performed in a year if (i) in the case of base salary paid on a periodic basis, it would normally be paid with respect to services performed in that year; or (ii) in the case of other Eligible Pay, it is neither vested nor determinable at the beginning of the year but becomes determinable at some point during the year. Each such deferral election shall be made by the Participant's delivery to the Administrator of a deferral election form in accordance with Section 7.4 on or before the date specified by the Administrator, but in any case (except as provided in Section 7.2 below) prior to the first day of the calendar year to which the deferral election relates. Any election submitted in accordance with Section 7 shall remain in effect in future calendar years until modified or revoked at such time and in such form and manner as prescribed by the Administrator.

7.2. First year of participation. Notwithstanding Section 7.1 above, an individual who is newly hired during the course of a calendar year may elect to defer a specified portion or percentage of his or her Eligible Pay for the remainder of the year by delivering to the Administrator a deferral election form within 30 days of becoming eligible to participate in the Plan, such election to take effect as of the first day of the month next following receipt by the Administrator of such form (the "initial effective date"). Solely in the year that an election is made under this Section 7.2, a Part II Participant shall only be able to make an election to defer Eligible Pay that is base salary paid on a periodic basis and that is earned for services performed in the period commencing on the initial effective date and ending on the last day of such year, as determined by the Administrator under principles similar to those set forth in Section 7.1(a)(i) above.

7.3. Limits. Except as otherwise determined by the Administrator, the maximum amount of Eligible Pay that an Eligible Employee may elect to defer for any year shall be 50% of his or her base salary plus 100% of any other Eligible Pay. An Eligible Employee who elects to defer any Eligible Pay for a year must defer at least \$2,000. The \$2,000 minimum shall apply on a prorated basis with respect to a partial year election under Section 7.2 above.

7.4. Form of deferral election. Each deferral election shall be made in writing or electronically in such form and manner as prescribed by the Administrator. The Administrator may condition the effectiveness of any election upon the delivery by the Participant of such other paper or electronic form or forms as the Administrator may prescribe. A deferral election applicable to Eligible Pay to be earned for services performed in a particular calendar year shall



be irrevocable once that year has begun, or such earlier date as specified by the Administrator (or, in the case of an initial year of participation described in Section 7.2 above, once the 30-day election period has expired).

#### SECTION 8 Accounts; Credits.

For each Participant, the Administrator shall maintain one or more Accounts reflecting deferrals and notional earnings as hereinafter provided.

8.1. Deferral credits. Each amount deferred by a Part II Participant under Section 7 above shall be credited to the Part II Participant's Deferred Account in the year the amount would have been paid absent the deferral. In addition, there shall be credited to the Deferred Account of each Part II Participant who is at the time of crediting an Eligible Employee:

(a) for any calendar quarter with respect to which the Part II Participant has a deferral election in effect under Section 7, a credit equal to 6% of any Eligible Pay deferred by the Part II Participant;

(b) for any calendar quarter with respect to which the Part II Participant has a deferral election in effect under Section 7, a credit equal to 4% of any Eligible Pay deferred by the Part II Participant; and

(c) for any year with respect to which the Compensation Committee has determined in its sole and absolute discretion to provide for a special discretionary credit to one or more specified Eligible Employees, such special discretionary credit as determined and specified by the Compensation Committee.

8.2. Notional earnings. The Administrator shall adjust each Part II Participant's Deferred Account to reflect notional earnings on a daily basis. Notional earnings shall be calculated as though all amounts deferred under Part II of the Plan by a Part II Participant, and any amounts credited under Section 8.1 above, for a calendar year had been credited to the Part II Participant's Deferred Account as of the first day of such year (or in the case of a Part II Participant's first year of participation, as of the day that follows the expiration of his or her 30-day election period under Section 7.2 above). Subject to the next sentence and such other rules and regulations as the Administrator may require, the Administrator may, but need not, permit Part II Participants to (i) select Earnings Measure(s) that will apply to their Deferred Accounts, or any portion thereof, from among those specified by the Administrator, and (ii) change such Earnings Measure(s) to other specified Earnings Measure(s). Notwithstanding any provision of Part II of this Plan to the contrary, the effective date of any change in Earnings Measure(s) must be a prospective January 1. The Administrator shall have the absolute discretion at any time to alter or amend the Earnings Measures used in valuing and adjusting Accounts; provided, that such amendment is consistent with Section 409A; provided further, that the Administrator may not, without the written consent of the affected Part II Participant, alter any Earnings Measure retroactively to the extent that the effect of such alteration would be to reduce the balance of the Part II Participant's Account below what it was immediately prior to such alteration. Nothing herein shall be construed as obligating the Administrator or any Participating Employer to set aside assets or establish a trust or other fund for purposes of the Plan.

8.3. Vesting. Except as provided in this Section 8.3, Part II Participants shall be fully vested in all deferral credits under Section 8.1, together with notional earnings thereon under Section 8.2. Notwithstanding the foregoing, (i) any credit made to a Part II Participant's Deferred Account pursuant to Section 8.1(b), together with notional earnings thereon under Section 8.2, shall vest in accordance with the two-year cliff vesting schedule applicable to such person's Retirement Contributions Account under Section 9.6 of the 401(k) Plan, and (ii) any special discretionary credit made to an Eligible Employee pursuant to Section 8.1(c), together with notional earnings thereon under Section 8.2, shall be subject to such vesting requirements as the Compensation Committee determines in its sole and absolute discretion.

#### SECTION 9 Payment of Deferred Amounts.

The Part II Participant's Employer shall make distributions of Deferred Account balances as provided in this Section. All distributions under Part II of the Plan shall be in cash. For the avoidance of doubt, this Section applies only to deferrals under Part II of the Plan on and after January 1, 2014. Deferrals under the Deferred Compensation Plan prior to January 1, 2014 remain subject to the terms of the Deferred Compensation Plan as in effect on December 31, 2013.

9.1. Form and Timing of Distributions. A Part II Participant who makes a deferral election with respect to Eligible Pay under Section 7 shall, coincident with such election, allocate all or any portion of the deferrals made pursuant to such election to the Primary Retirement/Termination Account, or to the Secondary Retirement/Termination Account, or to one or more Specified Date Account(s) established by the Administrator in respect of such Part II Participant; provided that any deferrals with respect to which such an allocation is not in effect will be allocated to the Part II Participant's Primary Retirement/Termination Account. Credits made under Sections 8.1(a) and (b) will be allocated to the Part II Participant's Primary Retirement/Termination Account. Any special discretionary credit made to an Eligible Employee pursuant to Section 8.1(c) will be allocated to a separate, designated Account established by the Administrator, and such credit, together with notional earnings thereon under Section 8.2, shall be distributed from such Account to the Eligible Employee in the form of a single lump sum within 60 days of the date that such Eligible Employee has satisfied the vesting requirements established by the Compensation Committee prior to the making of such special discretionary credit.

(a) Specified Date Accounts. Vested amounts allocated to a Specified Date Account shall be distributed, or commence to be distributed, in January of a specified future year designated by the Part II Participant at the time the Specified Date Account is established, which January may not be sooner than three years following the end of the year in which the deferral election that created such Specified Date Account is made. Such amounts shall be distributed in a lump sum or in up to five (5) annual installments, as elected by the Participant at the time the Specified Date Account is established. Distributions shall be based upon the value of the Specified Date Account as of the end of the month preceding the month in which payment is made or commences. If no form of distribution election is specified for a Specified Date Account, amounts allocated to such Account shall be distributed in a single lump sum in January of such specified year and in all events no later than December 31 of the year that contains such specified January.

Notwithstanding anything to the contrary herein, if a Part II Participant Separates from Service before all amounts credited to Specified Date Accounts have been distributed, the remaining vested balances in any and all Specified Date Accounts shall be distributed in a single lump sum within 60 days of such Separation from Service.

(b) Retirement/Termination Account. Vested amounts allocated to a particular Retirement/Termination Account shall be distributed in one of the following forms, as elected by the Part II Participant at the time such Account is established:

(i) as a single lump sum payment within 60 days following the Part II Participant's Separation from Service, based upon the value of the Retirement/Termination Account as of the end of the month preceding the month in which payment is made;

(ii) in annual installments over a period of up to ten (10) years, with the first installment payment made within 60 days following the Participant's Separation from Service and subsequent installment payments made in January of each year thereafter; or

(iii) in a partial lump sum payment within 60 days following the Part II Participant's Separation from Service, based upon the value of the Retirement/Termination Account as of the end of the month preceding the month in which payment is made, with the balance payable in annual installments over a period of up to ten (10) years.

If no form of distribution is specified for a particular Retirement/Termination Account at the time such Account is established, all vested amounts allocated to such Retirement/Termination Account shall be distributed in a single lump sum within 60 days following the Part II Participant's Separation from Service.

Any annual installment payments under (ii) or (iii) above will be made as of each January that follows the Part II Participant's Separation from Service, in each case based upon the value of the Retirement/Termination Account as of the end of the month preceding the month in which payment is made.

Notwithstanding a Part II Participant's election under this Section 9.1 to receive distributions from a Retirement/Termination Account in the form of annual installment payments upon Separation from Service, if such Part II Participant is not age 55 or greater as of the date of his or her Separation from Service, all vested amounts allocated to Retirement/Termination Accounts shall instead be distributed in the form of a single lump sum within 60 days following the Part II Participant's Separation from Service.

Notwithstanding a Part II Participant's election under this Section 9.1 to receive distributions from his or her Retirement/Termination Accounts in the form of installment

payments upon Separation from Service, if the balance of such Retirement/Termination Accounts, together with amounts payable under Part III of the Plan, is less than \$50,000 as of the date of the Part II Participant's Separation from Service, such installment payments shall instead be paid in a lump sum within 60 days following the Part II Participant's Separation from Service.

Further, and notwithstanding a Part II Participant's election under this Section 9.1, if a Part II Participant Separates from Service within twenty-four (24) months following a Change in Control, all vested amounts credited to the Retirement/Termination Account and to any Specified Date Accounts shall be paid in a lump sum within 60 days following the Part II Participant's Separation from Service, provided such distribution is permitted under Section 409A.

(c) Any time and form of payment election made under this Section 9.1 shall not be effective unless made prior to the beginning of the year with respect to which applicable amounts are deferred or within 30 days of the Part II Participant's becoming eligible to participate in the Plan, in the case of an initial year of participation described in Section 7.2 above, and once made shall be irrevocable (except as otherwise provided in Section 9.1(d)).

(d) Election Changes. A Part II Participant may modify the time and/or form of payment election applicable to a particular Specified Date Account or Retirement/Termination Account, provided, however, that such change of election:

(i) does not take effect until at least twelve months after the date on which the election is made;

(ii) in the case of a change to the time and/or form of payment election applicable to a Retirement/Termination Account, is made on or before the date that is one year prior to the Part II Participant's Separation from Service;

(iii) in the case of a change to the time and/or form of payment election applicable to a Specified Date Account, is made on or before the date that is one year prior to the commencement of the calendar year in which distribution from the Specified Date Account is scheduled to be made or to commence; and

(iv) except with respect to payments upon the death of such Part II Participant, defers for a period of not less than five years the payment of a lump sum or the commencement of installment payments from the date a lump sum payment would otherwise have been made or installment payments would otherwise have commenced.

(e) If the Part II Participant has selected annual installment payments under Section 9.1 in respect of a particular Specified Date Account or Retirement/Termination Account, or any portion thereof, the amount of each such installment shall be determined by dividing the balance of the particular Account, as of the end of the month preceding the month in which payment is made, by the number of remaining annual installments

due. By way of example, if the Participant elects 10 annual installments, the first payment shall be 1/10<sup>th</sup> of the Account balance, the second payment shall be 1/9<sup>th</sup> of the Account balance, and the third payment shall be 1/8<sup>th</sup> of the Account balance, and so on.

9.2. Specified Employees. Notwithstanding the provisions of Section 9.1 above, any amounts distributable upon the Separation from Service of a Part II Participant who is a Specified Employee shall be paid or commence to be paid on the date that is six (6) months after the date of the Part II Participant's Separation from Service (or, if earlier, upon such Part II Participant's death). If a Part II Participant who is a Specified Employee has elected an installment form of payment, any subsequent installments shall be paid in January of each subsequent year.

9.3. Distributions upon death. Each Part II Participant shall designate in writing, on such form as the Administrator shall prescribe, a beneficiary or beneficiaries to receive any amounts remaining to be paid hereunder at the Part II Participant's death; but if no such beneficiary designation is in effect at the time of the Part II Participant's death, or if the Part II Participant's beneficiary(ies) do(es) not survive the Part II Participant, the Administrator shall cause any such remaining benefits to be paid to the Part II Participant's surviving spouse (if any), or if none, to the executor or administrator of the Part II Participant's estate. If death occurs prior to the commencement or completion of installment distributions to the Part II Participant, the Administrator shall distribute the remaining balance of the decedent's Account to the designated beneficiary(ies), or to the decedent's surviving spouse (if any) or estate where applicable, in a lump sum as soon as reasonably practicable, but no later than 60 days, following the Part II Participant's death.

9.4. Unforeseeable Emergency. If a Part II Participant suffers an unforeseeable emergency (as defined below) prior to the payment in full of his or her Account, the Part II Participant may apply in writing for an extraordinary distribution under this Section 9.4. If the Administrator in its discretion determines that an unforeseeable emergency has occurred, the Part II Participant's employer will pay the Part II Participant an amount equal to the lesser of (i) the then balance of the Part II Participant's Account, or (ii) the amount determined by the Administrator to be necessary to meet the emergency (including applicable taxes). "Unforeseeable emergency" shall mean an unforeseeable emergency within the meaning of Section 409A and shall include (i) a severe financial hardship to the Part II Participant resulting from an illness or accident of the Part II Participant, the Part II Participant's spouse, or a dependent (as defined in Section 152(a) of the Code) of the Part II Participant, (ii) loss of the Part II Participant's property due to casualty, or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Part II Participant.

#### SECTION 10 Section 162(m).

Notwithstanding any other provision of the Plan, prior to a Change in Control the Administrator may defer payment of any portion of a distribution hereunder to the extent permitted by Section 409A if the Administrator reasonably determines that such deferral is necessary to avoid disallowance of a deduction under Section 162(m) of the Code. Amounts so deferred shall continue to be credited with notional earnings under Section 8.2 and shall be paid on the date Section 162(m) would no longer limit the deductibility of such payment, as reasonably determined by the Administrator.

## **PART III**

### **Supplemental 401(k) Plan**

#### **(Formerly the Cabot Corporation Supplemental Retirement Savings Plan)**

##### **Introduction to Part III**

The Company initially adopted the Cabot Corporation Supplemental Retirement Incentive Savings Plan, a nonqualified supplemental plan, pursuant to a vote of the Board on February 10, 1984. The Supplemental Retirement Incentive Savings Plan incorporated a supplemental profit-sharing plan previously authorized by the Board of Directors on September 10, 1976. The Supplemental Retirement Incentive Savings Plan was amended and restated effective September 9, 1988, and subsequently amended from time to time. The Company adopted the Cabot Corporation Supplemental Employee Stock Ownership Plan pursuant to a vote of the Board, effective September 9, 1988, and subsequently amended the plan from time to time.

Effective December 31, 2000, the Cabot Corporation Retirement Incentive Savings Plan was merged with and into the Cabot Corporation Employee Stock Ownership Plan, and the combined amended and restated plan was renamed the Cabot Corporation Retirement Savings Plan. Further, effective December 31, 2000, the Supplemental Retirement Incentive Savings Plan was merged with and into the Supplemental Employee Stock Ownership Plan, and the combined amended and restated plan was renamed the Cabot Corporation Supplemental Retirement Savings Plan (the "Supplemental RSP"). The Supplemental RSP was amended and restated effective January 1, 2009 to conform to the requirements of Section 409A, and was subsequently amended by Amendment No. 1 effective December 27, 2012.

Effective January 1, 2014, the Cabot Retirement Savings Plan was amended, restated and renamed the Cabot 401(k) Plan (the "401(k) Plan"). Effective January 1, 2014, the Supplemental RSP is correspondingly amended and restated as this Supplemental 401(k) Plan forming Part III of the Plan.

In addition, this amended and restated Supplemental 401(k) Plan forming Part III of the Plan is intended to continue to satisfy the requirements of Section 409A, including the transition rules and exemptive relief provisions thereunder, and shall be construed consistent with that intent. For purposes of Section 409A compliance, the Supplemental 401(k) Plan forming Part III of the Plan consists of two parts: (i) amounts deferred on behalf of a Participant that were earned and vested on or after January 1, 2005, including all income, gains and losses credited or charged with respect thereto ("Section 409A deferrals") and (ii) amounts deferred on behalf of a Participant that were earned and vested on or before December 31, 2004 (including all income, gains and losses credited or charged with respect thereto) ("grandfathered deferrals"). With respect to Section 409A deferrals, the Supplemental 401(k) Plan forming Part III of the Plan is intended to comply with the requirements of Section 409A and shall be interpreted and administered in a manner consistent with such requirements. With respect to grandfathered deferrals, the Supplemental 401(k) Plan forming Part III of the Plan is intended to be grandfathered for purposes of Section 409A and therefore exempt from Section 409A.

The provisions of this Supplemental 401(k) Plan forming Part III of the Plan are effective as of January 1, 2014 with respect to amounts deferred on and after such date. Section 409A deferrals under the Supplemental RSP prior to January 1, 2014 remain subject to the terms of the Supplemental RSP as in effect on December 31, 2013, and grandfathered deferrals remain subject to the terms of the Supplemental RSP as in effect on December 31, 2004. The grandfathered deferrals have not been amended or modified after October 3, 2004.

The purpose of this Supplemental 401(k) Plan forming Part III of the Plan is to provide benefits to a designated group of managers who are highly compensated employees of the Company or its subsidiaries, supplemental to benefits provided under the 401(k) Plan, and is intended to be "a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees", within the meaning of sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

Except as otherwise specifically provided herein, the rights and benefits, if any, of an individual who was a participant in the Supplemental RSP (including any component predecessor plan) and who ceased to be a participant on or prior to December 31, 2013, will be determined in accordance with the provisions of the Supplemental Retirement Savings Plan as in effect on the date he or she ceased to be a participant and in accordance with the requirements of Section 409A as applicable. A copy of the Cabot Corporation Supplemental RSP as in effect on December 31, 2013 is attached hereto as Appendix C and incorporated by reference into Part III of the Plan.

## SECTION 11 Definitions Applicable to Part III

Wherever used in this Part III of the Plan, the following terms have the meaning set forth below, unless a different meaning is clearly required by the context. Capitalized words and phrases that are not defined herein shall have the meanings assigned to them in Section 1 of the Plan or in the 401(k) Plan.

11.1. "Applicable Matching Percentage" means six percent (6%).

11.2. "Applicable Retirement Percentage" means four percent (4%).

11.3. "Beneficiary" means the individual(s) or entity(ies) entitled under Section 13.2(f) below to receive any benefits under Part III of the Plan upon the death of a Part III Participant. For the avoidance of doubt, the Beneficiary under this Part III of the Plan may be different than other beneficiaries designated under this Plan.

11.4. "Memorandum Account" means the account established by the Company on behalf of each Part III Participant, to which amounts described in Sections 13.1 shall be credited. The Committee shall establish such subaccounts as may be necessary or desirable to implement the terms of this Supplemental 401(k) Plan.

11.5. "Part III Participant" means an individual who participates in Part III of the Plan in accordance with Section 12 below.

11.6. "Supplemental 401(k) Plan" means this Part III of the Plan.

11.7. "Valuation Date" means any business day the New York Stock Exchange is open for trading and such other date or dates as may be specified by the Investment Committee of the Company from time to time.

## SECTION 12 Participation

12.1. Participation. Any person who was a participant in the Cabot Corporation Supplemental Retirement Savings Plan on December 31, 2013, will continue to participate in this Part III in accordance with its terms after such date. Each other individual who is a participant in the 401(k) Plan shall begin participation in and shall accrue benefits as provided in Section 13 from the first day of the first month following the date that such individual satisfies (a) below, and, with respect to accruals described in Section 13.1(a), also satisfies (b) below.

(a) This Section 12.1(a) is satisfied if such individual's Compensation (as defined in Section 2.22 of the 401(k) Plan) for such year, reduced for deferrals, if any, under Part II of the Plan, equals or exceeds the dollar limitation applicable to such year under Section 401(a) (17) of the Code.

(b) This Section 12.1(b) is satisfied if, for such year (or for such portion of the year during which he or she satisfies the requirements of (a) above) such individual has elected to participate in pre-tax deferrals and/or after-tax contributions under the 401(k)



Plan to the maximum extent permissible thereunder (taking into account any limitations imposed under the 401(k) Plan to comply with the qualification requirements of the Code) and accordingly has received the maximum possible Matching Contribution under Section 6.5 of the 401(k) Plan.

For purposes of Section 3(36) of ERISA, Part III of the Plan shall be treated as two separate plans, one of which will be deemed to provide only benefits (if any) in excess of the limitations of section 415 of the Code.

## SECTION 13 Benefits

### 13.1. Credits to Memorandum Accounts.

(a) For each Plan Quarter for which Matching Contributions are made to the 401(k) Plan, the Committee shall, as soon as practicable after the close of such quarter, accrue to the Memorandum Account of each individual who is a Part III Participant who satisfies Section 12.1(b) for all or any part of such period, an amount equal to the excess of (i) the Applicable Matching Percentage of the Part III Participant's Compensation (as defined in Section 2.22 of the 401(k) Plan) for such period (such Compensation to be determined, solely for this purpose, without regard to the limitations described in the last paragraph of Section 2.22 of the 401(k) Plan, but taking into account the limitations described in Section 2.22(b) of the 401(k) Plan), over (ii) the amount which is actually allocated to the Part III Participant's Matching Account in the 401(k) Plan with respect to such period. Notwithstanding the foregoing, a Part III Participant's Compensation for purposes of this Section 13.1(a) shall not include any amounts deferred under Part II of the Plan.

(b) For each Plan Quarter, the Committee shall, as soon as practicable after the close of such quarter, accrue to the Memorandum Account of each individual who is a Part III Participant for all or any part of such period, an amount equal to the excess of (i) the Applicable Retirement Percentage of the Part III Participant's Compensation (as defined in Section 2.22 of the 401(k) Plan) for such period (such Compensation to be determined, solely for this purpose, without regard to the limitations described in the last paragraph of Section 2.22 of the 401(k) Plan, but taking into account the limitations described in Section 2.22(b) of the 401(k) Plan), over (ii) the amount which is actually allocated to the Part III Participant's Retirement Contributions Account in the 401(k) Plan with respect to such period. Notwithstanding the foregoing, a Part III Participant's Compensation for purposes of this Section 13.1(b) shall not include any amounts deferred under Part II of the Plan.

(c) As soon as practicable after the end of each Plan Year, the Committee shall also accrue to each Part III Participant's Memorandum Account an amount equal to the amount (if any) that would have been contributed for the benefit of the Part III Participant by his or her Employer under Section 6.6 of the 401(k) Plan for such Plan Year had the limitations of Sections 401(a)(17) and 415 of the Code and the corresponding limitations under the 401(k) Plan not applied and had such contributions and allocations under the 401(k) Plan been based on Compensation (as defined in Section

2.22 of the 401(k) Plan) for such period (such Compensation to be determined, solely for this purpose, without regard to the limitations described in the last paragraph of Section 2.22 of the 401(k) Plan, but taking into account the limitations described in Section 2.22(b) of the 401(k) Plan), such amount to be reduced by the amount (if any) which is actually contributed and allocated under Section 6.6 of the 401(k) Plan to the Part III Participant's Discretionary Contributions Account. Notwithstanding the foregoing, a Part III Participant's Compensation for purposes of this Section 13.1(c) shall not include any amounts deferred under Part II of the Plan.

(d) Amounts accrued hereunder shall be converted to units and treated as if invested in common stock of the Company, except as provided in Section 13.1(e). With respect to each unit credited to a Part III Participant's Memorandum Account (i) for the period prior to a Part III Participant's Separation from Service, an amount equivalent to each cash dividend paid with respect to a share of common stock of the Company (if any) will be treated as being paid and reinvested in common stock of the Company and (ii) from and after the date of a Part III Participant's Separation from Service, an amount equivalent to each cash dividend paid with respect to a share of common stock of the Company will be credited to a cash subaccount of such Participant's Memorandum Account.

(e) From and after the date of a Change in Control, each Memorandum Account shall be treated as if invested (i) in a fixed-income vehicle earning interest at the rate earned by the most currently issued 10-year Treasury Notes on the date of reference or (ii) on such other reasonable basis as the Committee shall determine from time to time; provided, that this paragraph shall operate to change the basis for measuring investment return on Memorandum Accounts upon a Change in Control only if such change would then be consistent with continued exemption of interests hereunder from the definition of "derivative securities" under Rule 16a-1(c) promulgated under the Securities Exchange Act of 1934, as amended (or any successor Rule). The earnings shall be determined and shall accrue as of each Valuation Date until all amounts have been paid to or on behalf of the Part III Participant.

### 13.2. Amount, Form and Timing of Benefit Payments.

(a) In General. In the event of a Part III Participant's Separation from Service with the Employer for any reason, his or her vested balance under Part III of the Plan shall be paid, in the case of a single payment, within 60 days following such Separation or, in the case of annual installment payments, the first installment payment shall be made within 60 days following such Separation from Service, with subsequent payments made in January of each year thereafter. Notwithstanding the above, in the case of a Part III Participant who is a Specified Employee, payment shall be made, in the case of a single payment, on the date that is six (6) months after the date of the Part III Participant's Separation from Service (or, if earlier, upon his or her death) or, in the case of annual installment payments, the first payment shall be made on the date that is six (6) months after such Separation, with subsequent payments made in January of each year thereafter (or, if earlier, upon his or her death).

All amounts payable under this Section 13.2 shall be paid in whole shares of common stock of the Company. Amounts represented by fractional shares of common stock shall be paid in cash.

The vested balance of a Part III Participant's benefit under the Supplemental 401(k) Plan shall mean the product of (A) the balance of his or her Memorandum Account determined under Section 13.1, times (B) the percentage representing the vested interest of such Part III Participant in his or her corresponding 401(k) Plan Account, as determined under the vesting rules applicable to such Account under the 401(k) Plan.

(b) Form-of-Payment Election. A Part III Participant who first becomes eligible to participate in the Supplemental 401(k) Plan on or after January 1, 2014 may elect in accordance with Section 13.2(c) to receive his or her benefits payable under the Supplemental 401(k) Plan in either a single lump sum payment or in annual installments over a period of up to ten (10) years (a "form-of-payment election"). Any person who was a Part III Participant on December 31, 2013 had a form-of-payment election in effect under the terms of the Supplemental RSP as in effect on December 31, 2013, and such form-of-payment election remains in effect with respect to all Section 409A deferrals of the Part III Participant under Part III of the Plan, and such form-of-payment election is irrevocable (except as otherwise provided in Section 13.2(d)). If a Part III Participant who first becomes eligible to participate in the Supplemental 401(k) Plan on or after January 1, 2014 does not make any election with respect to the payment of his or her Memorandum Account under Part III of the Plan, then such benefits shall be paid in a single lump sum payment as described in Section 13.2(a). If a Part III Participant who first becomes eligible to participate in the Supplemental 401(k) Plan on or after January 1, 2014 elects to receive payment of his or her Memorandum Account in the form of annual installments, the amount of each installment shall be determined by dividing the balance of the Part III Participant's Memorandum Account, as of the end of the month preceding the month in which payment, is made by the number of remaining annual installments due. By way of example, if the Participant elects 10 annual installments, the first payment shall be 1/10<sup>th</sup> of the Memorandum Account balance, the second payment shall be 1/9<sup>th</sup> of the Memorandum Account balance, and the third payment shall be 1/8<sup>th</sup> of the Memorandum Account balance, and so on. Any amount(s) credited to a cash subaccount pursuant to Section 13.1(d) shall be paid in cash with the annual installment payment next following the date such amount is credited to the subaccount. A Part III Participant may have only one form-of-payment election in effect at any time with respect to his or her Memorandum Account under Part III of the Plan and such election shall control the manner in which the entirety of the Account under Part III of the Plan will be paid.

(c) First Year of Participation. An individual who first satisfies the eligibility criteria of the Supplemental 401(k) Plan during the course of a calendar year beginning on and after January 1, 2014 and accordingly accrues a benefit under Section 13.1 for such calendar year may make a form-of-payment election by delivering to the Committee or its designee an election in writing, in a form and manner acceptable to the Committee or its designee, by December 31 of such calendar year, and such election shall govern the payment of any benefits accrued during such calendar year and subsequent years. If a

Part III Participant does not make any election with respect to the payment of his or her Memorandum Account under Part III of the Plan, then such benefits shall be paid in a single lump sum payment as described in Section 13.2(b). This Section 13.2(c) is intended to comply with Treas. Regs. § 1.409A-2(a)(7)(iii) (relating to first year of eligibility in excess benefit plans), and shall be construed accordingly.

(d) Election Changes in General. The Part III Participant may change his or her form-of-payment election under this Section 13.2 by submitting a new election to the Committee or its designee, provided, that such election:

(i) does not take effect until at least twelve months after the date on which the election is made;

(ii) is made on or before the date that is one year prior to the Part III Participant's Separation from Service; and

(iii) except with respect to payments upon the death of such Part III Participant, defers for a period of not less than five years the payment of a lump sum or the commencement of installment payments from the date a lump sum payment would otherwise have been made or installment payments would otherwise have commenced.

Any election change made in accordance with this Section 13.2(d) shall be binding on the Part III Participant when made and may be altered only by a subsequent change election that complies with the requirements of this Section 13.2(d).

(e) Accounts less than \$50,000. Notwithstanding a Part III Participant's election under Section 13.2(b) to receive distribution from his or her Memorandum Account under Part III of the Plan in the form of annual installment payments upon Separation from Service, if the vested balance of such Memorandum Account, together with amounts payable from Retirement/Termination Accounts under Part II of the Plan, is less than \$50,000 at the time of the Part III Participant's Separation from Service, the Committee shall distribute the vested balance of such Part III Participant's Memorandum Account in a single lump sum payment within 60 days following the Part III Participant's Separation from Service.

(f) Death of Participant. If a Part III Participant dies while still employed by the Employer, or following a Separation from Service but prior to the complete distribution of his or her vested benefit under Part III of the Plan, the vested balance of the Part III Participant's Memorandum Account shall be paid to his or her Beneficiary in a lump sum as soon as reasonably practicable, but no later than 60 days, following the Part III Participant's death; provided, however, that the Company shall not be liable to the Part III Participant nor to the estate nor beneficiary of the Part III Participant, by reason of any acceleration of income or additional tax under Section 409A, or for any other reason in connection with the timely payment of any amount under this Section 13.2(f). The Committee reserves the right to request a certified death certificate or other confirmation of death satisfactory to the Committee at its discretion with respect to a

payment to be made to the Part III Participant's Beneficiary, and if so requested by the Committee, the provision of such confirmation of death shall be a precondition to payment to the Part III Participant's Beneficiary.

(g) Notwithstanding a Part III Participant's election under this Section 13.2 to receive distribution from his or her Memorandum Account under Part III of the Plan in the form of annual installment payments upon Separation from Service, if such Part III Participant is not age 55 or greater as of his or her Separation from Service, all vested amounts allocated to his or her Memorandum Account under Part III of the Plan will be distributed in the form of a single lump sum within 60 days following the Part III Participant's Separation from Service.

13.3. Nature of Memorandum Account. The Memorandum Account maintained by the Company for a Part III Participant shall be a book-entry account only, shall hold no actual shares of the Company's common stock, and shall represent no interest in or ownership of any such stock. Part III Participants shall have no voting rights or any other shareholder rights by reason of participation in this Supplemental 401(k) Plan forming Part III of the Plan.

13.4. No Payment While Employed. No amounts accrued hereunder on behalf of a Part III Participant may be distributed prior to his or her Separation from Service with the Employer. If a Part III Participant who Separated from Service returns to the employ of the Employer, any benefits remaining to be paid to such Part III Participant shall continue to be paid pursuant to Section 13.2 as if no such reemployment had occurred.

13.5. Designation of Beneficiary. A Part III Participant may designate, in writing, one or more Beneficiaries under this Supplemental 401(k) Plan forming Part III of the Plan, who may be the same as or different than those named elsewhere in this Plan or under the 401(k) Plan to receive benefits, if any, payable upon the Part III Participant's death. In the absence of any Beneficiary so designated, benefits payable following death shall be paid to the Part III Participant's surviving spouse, if any, or if none, to the executor or administrator of the Part III Participant's estate.

#### SECTION 14 Certain Forfeitures

14.1. Termination for Cause. Notwithstanding anything to the contrary in this Supplemental 401(k) Plan forming Part III of the Plan, benefits payable hereunder shall be forfeited by the Part III Participant if the Part III Participant's Separation from Service was requested by the Employer and the termination was determined by the Committee to be for "cause." For purposes of this Supplemental 401(k) Plan forming Part III of the Plan, "cause" shall mean any action or failure to act by the Part III Participant which the Committee in its sole discretion determines to have constituted negligence or misconduct in the performance of the Part III Participant's duty to his or her Employer. Notwithstanding the foregoing provisions of this Section 14.1, in respect of any termination of a Part III Participant's employment requested by an Employer within the two-year period immediately following a Change in Control, "cause" shall mean only (i) the willful and continued failure by the Part III Participant to substantially perform his or her duties with his or her Employer, after a written demand for substantial performance is delivered to the Part III Participant by the Employer which demand specifies the

manner in which the Employer believes that the Part III Participant has not substantially performed the Part III Participant's duties, or (ii) the willful engaging by the Part III Participant in conduct which is demonstrably and materially injurious to the Employer, monetarily or otherwise. For purposes of clauses (i) and (ii) of the preceding sentence, no act, or failure to act, on the Part III Participant's part shall be deemed "willful" unless done, or omitted to be done, by the Part III Participant not in good faith and without reasonable belief that the Part III Participant's act or failure to act was in the best interest of the Employer.

14.2. Other Separations from Service. In the event of a Part III Participant's Separation from Service, any portion of his or her Memorandum Account balance that is not vested under Section 13.2(a) shall be promptly forfeited. If such Part III Participant is later reemployed by the Employer under circumstances entitling him or her to a restoration of all or a portion of his or her account balance under the 401(k) Plan, the Committee shall make an appropriate corresponding restorative adjustment to his or her Memorandum Account hereunder.

**PART IV**

**Supplemental CBP**

**(Formerly the Cabot Corporation Supplemental Cash Balance Plan)**

**Introduction to Part IV**

The Cabot Corporation Supplemental Cash Balance Plan (the "Supplemental CBP") was originally adopted pursuant to a vote of the Board on February 10, 1984, its purpose being to provide benefits to a designated group of managers who are highly compensated employees of the Company or its subsidiaries, supplemental to the tax-qualified pension benefits provided through the Cabot Cash Balance Plan (together with predecessor programs, the "Cash Balance Plan"). The Supplemental CBP was intended to be "a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

The Supplemental CBP was amended and restated effective January 1, 2009 to conform to the requirements of Section 409A, and was subsequently amended by Amendment No. 1 effective December 27, 2012.

The Cash Balance Plan was closed to new entrants and amended to cease all Pay-based Credits (as defined in the Cash Balance Plan), for plan years ending after December 31, 2013.

Effective as of January 1, 2014, the Supplemental CBP forms Part IV of the Plan but the terms of the Supplemental CBP as in effect on December 31, 2013 shall remain unchanged and in effect on and after January 1, 2014. For the avoidance of doubt, the Supplemental CBP forming Part IV of the Plan is intended to correspond to the freeze of the Cash Balance Plan effective December 31, 2013 and to continue to satisfy the requirements of Section 409A, including the transition rules and exemptive relief provisions thereunder, and shall be construed and administered consistent with such expressed intent.

A copy of the Cabot Corporation Supplemental CBP as in effect on December 31, 2013 is attached hereto as Appendix D and incorporated by reference into Part IV of the Plan.

\* \* \* \* \*

IN WITNESS WHEREOF, the Company has signed this Plan Document as of the 10th day of December, 2013.

By: /s/ Robby D. Sisco  
Name: Robby D. Sisco  
Title: Senior Vice President – Human Resources

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APPENDIX A

Participating Employers in Part II of the Plan

Cabot Corporation  
Cabot Specialty Fluids, Inc.  
Cabot Security Materials Inc. (formerly Oxonica Materials, Inc.)  
Cabot Norit Americas, Inc.



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APPENDIX B

(Cabot Corporation Deferred Compensation Plan, as amended and in effect December 31, 2013)

**Cabot Corporation**

Amended and Restated Deferred Compensation Plan  
*Master Plan Document*

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A&R7.13.07 as amended 11.09.07w/App B

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Cabot Corporation

Amended and Restated Deferred Compensation Plan

1. In General. This document amends, restates and continues the Cabot Corporation Deferred Compensation Plan (the "Plan"), which was originally established effective January 1, 1995. The purpose of the Plan is to further the business interests of Cabot Corporation (the "Company") by providing eligible employees and non-employee directors an opportunity to defer some or all of their compensation on an unfunded, nonqualified basis as hereinafter provided. The provisions of this amended and restated Plan are effective as of January 1, 2005 except with respect to grandfathered deferrals as defined in Section 10, which will continue to be governed by the terms of the Plan as in effect on December 31, 2004. A copy of the Plan as in effect on December 31, 2004 is attached hereto as Appendix B.

2. Defined Terms. As used in the Plan, the following terms have the meanings associated with them below:

2.1. "Account". A memorandum account maintained by the Administrator to reflect the Employer's unfunded deferred compensation obligation to a Participant hereunder, including where the context requires any sub-account.

2.2. "Administrator". The Benefits Committee of the Company, whose members are appointed by the Compensation Committee of the Board and serve at the Compensation Committee's pleasure, or such other committee, person or persons as the Board may designate. The term "Administrator" shall also include delegates of any of the foregoing.

2.3. "Board". The Board of Directors of the Company.

2.4. "Code". The Internal Revenue Code of 1986, as amended.

2.5. "Consultant". An individual performing consulting services for an Employer (other than as an employee) who is designated by the Administrator as eligible to participate in the Plan, provided that such designation has not been revoked by the Administrator.

2.6. "Director". Any member of the Board other than an employee of any Employer.

2.7. "Director Fees". The cash annual retainer fees and any meeting fees paid by the Company as compensation for services on the Board or any committee thereof.

2.8. "Earnings Measure". An interest rate, stock index, bond index, mutual fund or other objective external measure of investment performance specified by the

Administrator for purposes of measuring and crediting notional earnings under Section 4(b) below. In the case of Eligible Pay deferred by a Director, the Earnings Measure applied under Section 4(b) below shall be limited to one of the following: (i) a notional interest rate equal (for each year) to the Moody's Rate for such year, or (ii) deemed investment in (i.e. phantom units of) common stock of the Company. If the Earnings Measure is based on the Moody's Rate, all Eligible Pay deferred by a Director during a calendar year shall be credited to the Director's Account as of the first day of such calendar year. If the Earnings Measure is based on common stock of the Company, all Eligible Pay deferred by a Director during a calendar quarter shall be credited to the Director's Account in phantom stock units as of, and based on the closing price for the Company common stock on the New York Stock Exchange on, the last trading day of such quarter, and phantom dividends on such Account (based on the balance of phantom stock units in such Account on the record date for each dividend declared on shares of Company common stock) shall be added to such Account in phantom stock units as of, and based on the closing price for the common stock on the New York Stock Exchange on, the date dividends are actually paid on the common stock.

2.9. "Eligible Employee". An individual employed by an Employer who is (i) determined by the Administrator to qualify as a "highly compensated or management" employee for purposes of Sections 201(a)(2), 301(a)(3) and 401(a)(1) of ERISA, and (ii) designated by the Administrator as eligible to participate in the Plan, provided that such designation has not been revoked by the Administrator.

2.10. "Eligible Pay". Except as otherwise determined by the Administrator, Eligible Pay shall include (i) in the case of an Eligible Employee: base salary, amounts payable under the Company's short-term incentive program, and sales incentive bonuses; (ii) in the case of a Consultant: the consulting fees payable by the Employer; and (iii) in the case of a Director: Director Fees. The Administrator in its discretion may include other categories of remuneration in, or exclude categories of remuneration from, the definition of "Eligible Pay," either in general or in particular cases; provided, that any such change affecting Director Fees shall also require the approval of the Board.

2.11. "Employer". The Company and its Subsidiaries, or any of them. Except as otherwise specified by the Administrator, however, participation in the Plan shall be limited to Eligible Employees employed by, or Consultants providing services to, the Company or one of the Subsidiaries listed in Appendix A hereto, and to Directors.

2.12. "ERISA". The Employee Retirement Income Security Act of 1974, as amended.

2.13. "Moody's Rate". For any calendar year, the interest rate specified in Moody's Bond Record under the heading of "Moody's Corporate Bond Yield Averages – Av. Corp.," as published for the month of November preceding the calendar year.

2.14. "Participant". A Consultant, Eligible Employee or Director who participates in the Plan.

2.15. "RSP". The Cabot Retirement Savings Plan as from time to time amended and in effect.

2.16. "Subsidiary". A corporation in which the Company holds, directly or indirectly, stock possessing at least 50% of the total voting power, and any other corporation or unincorporated trade or business that the Board designates as a Subsidiary for purposes of the Plan.

### 3. Deferral Election.

(a) In general. Each Eligible Employee and Consultant may elect to defer hereunder a specified portion or percentage of his or her Eligible Pay to be earned for services performed in any calendar year. Except as the Administrator may otherwise determine, Eligible Pay is earned for services performed in a year if (i) in the case of base salary or Consultant's fees paid on a periodic basis, it would normally be paid with respect to services performed in that year; or (ii) in the case of other Eligible Pay, it is neither vested nor determinable at the beginning of the year but becomes determinable at some point during the year. Each such deferral election shall be made by the Participant's delivery to the Administrator of a deferral election form on or before the date specified by the Administrator, but in any case (except as provided in (b) below) prior to the first day of the calendar year to which the deferral election relates.

(b) First year of participation. Notwithstanding (a) above, an individual who is newly hired during the course of a calendar year may elect to defer a specified portion or percentage of his or her Eligible Pay for the remainder of the year by delivering to the Administrator a deferral election form within 30 days of becoming eligible to participate in the Plan, such election to take effect as of the first day of the month next following receipt by the Administrator of such form (the "initial effective date"). An election under this paragraph shall be effective only as to Eligible Pay earned for services performed in the period commencing on the initial effective date and ending on the last day of the year, as determined by the Administrator under principles similar to those set forth in (a)(i) and (a)(ii) above.

(c) Limits. Except as otherwise determined by the Administrator, the maximum amount of Eligible Pay that an Eligible Employee may elect to defer for any year shall be 50% of his or her base salary plus 100% of any other Eligible Pay. An Eligible Employee who elects to defer any Eligible Pay for a year must defer at least \$2,000. The \$2,000 minimum shall apply on a prorated basis with respect to a partial year election under (b) above. A Consultant may defer any portion or all of his or her consulting fees for any year.

(d) Form of deferral election. Each deferral election shall be made in writing on a form prescribed by the Administrator. The Administrator may condition the effectiveness of any election upon the delivery by the Participant of such other form or forms as the Administrator may prescribe. A deferral election applicable to Eligible Pay to be earned for services performed in a particular calendar year shall be irrevocable once that year has begun (or, in the case of an initial year of participation described in (b) above, once the 30-day election period has expired).

(e) Special rules for Directors. The provisions of this Section 3(e) shall apply, in the case of a Director, in lieu of the provisions of Sections 3(a) through (d) above. A Director may defer up to 100% of any Eligible Pay for services performed in any calendar year by completing and delivering a deferral election in accordance with Section 3(d) above not later than December 31 of the preceding year. Any individual may elect within 30 days after becoming a Director to defer up to 100% of any Eligible Pay earned for services performed subsequent to such election by completing and delivering a deferral election in accordance with Section 3(d) above within such 30-day period. A Director's Eligible Pay shall be treated as earned for services performed in a calendar year if paid with respect to services performed in such year. The minimum amount that a Director may defer any calendar year shall be \$2,000.

4. Accounts; Credits. For each Participant, the Administrator shall maintain one or more Accounts reflecting deferrals and notional earnings as hereinafter provided.

(a) Deferral credits. Each amount deferred by a Participant under Section 3 above shall be credited to the Participant's Account in the year the amount would have been paid absent the deferral. In addition, there shall be credited to the Account of each Participant who is an Eligible Employee: (i) for the year to which the Participant's deferral election relates, an amount equal to 10% of any base salary elected to be deferred by the Participant from that year; provided, that Participants who also participate in the Company's supplemental plans (or any of them) shall not be eligible for the additional credit described in this clause; and (ii) subject to Treas. Regs. § 1.401(k)-1(e) (6), if the Participant is a participant in the RSP, an additional credit equal to the amount, if any, of matching contributions that would have been made for the benefit of such Participant under the RSP but for a reduction thereunder attributable to the limitations of Sections 401(k) and 401(m) of the Code, provided that the Participant has elected to participate in the RSP to the maximum extent permitted by Section 401(k) of the Code. Notional earnings under (b) below shall be calculated as though all amounts deferred under the preceding two sentences for a calendar year had been credited to the Participant's Account as of the first day of such year (or as of the date participation in the Plan commences, in the case of a Participant's first year of participation described in Section 3(b) above).

(b) Notional earnings. Not less frequently than annually, the Administrator shall adjust each Participant's Account to reflect notional earnings. Notional earnings

shall be based on one Earnings Measure selected by the Participant from such Earnings Measures as the Administrator shall specify. Subject to Sections 5(e)(iii) and (iv) below, the next sentence and such other rules and regulations as the Administrator may require, the Administrator may, but need not, permit Participants to (i) select an Earnings Measure that will apply to their Accounts from among those specified by the Administrator, and (ii) change such Earnings Measure to another specified Earnings Measure. Notwithstanding any provision of this Plan to the contrary, (i) a Participant may only select one Earnings Measure to apply to his or her entire Account at any one time, and (ii) the effective date of any change in Earnings Measure must be a prospective January 1. The Administrator shall have the absolute discretion at any time to alter or amend the Earnings Measures used in valuing and adjusting Accounts; provided, that such amendment is consistent with Section 409A of the Code; provided further, that the Administrator may not, without the written consent of the affected Participant, alter any Earnings Measure retroactively to the extent that the effect of such alteration would be to reduce the balance of the Participant's Account below what it was immediately prior to such alteration. Nothing herein shall be construed as obligating the Administrator or any Employer to set aside assets or establish a trust or other fund for purposes of the Plan.

(c) FICA/Medicare taxes, etc. To the extent any amount deferred or credited hereunder to the Account of a Participant is treated as "wages" for FICA/Medicare or FUTA tax purposes on a current basis rather than when distributed, all as determined by the Administrator, then the Administrator shall require that the Participant either (i) timely pay such taxes in cash by separate check to the Employer, or (ii) make other arrangements satisfactory to the Employer (e.g., additional withholding from other wage payments) for the payment of such taxes. To the extent a Participant fails to pay or provide for such taxes as required, the Administrator may suspend the Participant's participation in the Plan or reduce amounts credited or to be credited hereunder.

5. Payment of Deferred Amounts. The Participant's Employer shall make distributions of Account balances as provided in this Section. All distributions shall be in cash.

(a) Form and timing of distributions; in general. Amounts credited to a Participant's Account for any year under Section 4(a) above (the "deferral year"), adjusted for notional earnings under Section 4(b) above, shall be paid as the Participant elects either

(i) upon the expiration of a fixed period of years, but in no event earlier than the third anniversary of the beginning of the deferral year (a "fixed-period election"), or

(ii) upon the Participant's separation from service with the Employer within the meaning of Section 409A of the Code (a "separation-from-service election").



Any election made under this Section 5(a) shall not be effective for any deferral year unless made prior to the beginning of the deferral year or within 30 days of the Participant's becoming eligible to participate in the Plan, in the case of an initial year of participation described in Section 3(b) above, and once made shall be irrevocable. Amounts distributable pursuant to a fixed-period election shall be paid in a lump sum no later than January 31 of the year specified in a fixed-period election (a "fixed-period payment date"). If the Participant separates from service prior to a fixed-period payment date, the amount that would otherwise have been payable pursuant to such fixed-period election shall instead be paid in a lump sum as soon as reasonably practicable, but no later than 60 days following such termination.

Upon making a separation-from-service election, a Participant may elect to have amounts distributable pursuant to such election paid either in a lump sum or in installments over a period of five, ten or fifteen years (a "form-of-payment election"). If a Participant chooses a lump sum form of payment, such lump sum shall be paid as soon as reasonably practicable, but no later than 60 days following such separation from service, subject to any election change pursuant to Section 5(b). If a Consultant or an Eligible Employee chooses an installment form of payment, installment payments shall be paid monthly and shall commence as of the first day of the calendar year following the date such Participant separates from service, subject to any election change pursuant to Section 5(b). If a Director chooses an installment form of payment, installment payments shall be paid quarterly and shall commence as of the last day of the quarter in which the Director separates from service. Notwithstanding a Participant's election under this Section 5(a) to receive installment payments, if the present value of the amount to be paid in installments is less than \$50,000 at the time of the Participant's separation from service, all amounts distributable to such Participant under (ii) above shall be paid in a lump sum as soon as reasonably practicable, but no later than 60 days following such separation.

A Participant may have more than one fixed-period payment election in effect at one time with respect to his or her Account and may have both a fixed-period payment election or elections and a separation-from-service election in effect at one time with respect to his or her Account. For example, a Participant may elect to have deferrals for 2008 paid in 2012, deferrals for 2009 paid upon separation from service, and deferrals for 2010 paid in 2015. However, except as provided below in Section 5(c), a Participant may have only one form of payment election in effect at any time with respect to payments upon separation from service, and it shall control the manner in which the entirety of the Participant's Account distributable under (ii) above will be paid.

(b) Form and timing of distributions; election changes. A Participant who has elected to be paid upon separation from service may change a form-of-payment election, provided, however, that such change (i) except with respect to payments upon the death of a Participant, does not take effect unless made on or before the date that is one year prior to the Participant's separation from service, and (iii) except with respect to payments upon the death of a Participant, defers for a period of not less than five years

the payment of a lump sum or the commencement of installment payments from the date a lump sum payment would otherwise have been made or installment payments would otherwise have commenced under Section 5(a) upon such separation from service. Notwithstanding the above, the Administrator may permit participants to change a form-of-payment election without meeting the requirements of this Section 5(b), pursuant to such procedures as the Administrator may determine in its discretion, to the extent permitted by transition guidance issued under Section 409A of the Code.

(c) Grandfathered deferrals. Notwithstanding the above, a changed form-of-payment election as described in Section 5(b) will apply only to the portion of a Participant's Account that is attributable to non-grandfathered deferrals as defined in Section 10. A Participant may change a form-of-payment election with respect to grandfathered deferrals only in accordance with the terms of the Plan as in effect on December 31, 2004. Accordingly, and notwithstanding anything herein to the contrary, a Participant who has both grandfathered and non-grandfathered deferrals under the Plan may have separate form-of-payment elections in effect at one time with respect to such grandfathered and non-grandfathered deferrals.

(d) Key Employees. Notwithstanding the provisions of Section (a) above, any lump sum payment distributable upon the separation from service of a Participant who is a "specified employee" within the meaning of Section 409A of the Code at the date he or she separates from service shall be paid as of the date that is six months after the date of the Participant's separation from service. If a Participant who is a "specified employee" within the meaning of Section 409A of the Code at the date he or she separates from service has elected an installment form of payment, any installment payments otherwise payable under the terms of the Plan during the first six months following the date of such Participant's separation from service shall instead be paid as of the first day of the month that is six months after the date on which such participant separated from service.

(e) Distributions upon death. Each Participant shall designate in writing, on such form as the Administrator shall prescribe, a beneficiary or beneficiaries to receive any amounts remaining to be paid hereunder at the Participant's death; but if no such beneficiary designation is in effect at the time of the Participant's death, or if the Participant's beneficiary(ies) do(es) not survive the Participant, the Administrator shall cause any such remaining benefits to be paid to the executor or administrator of the Participant's estate. If death occurs prior to the commencement or completion of installment distributions to the Participant, the Administrator shall distribute the remaining balance of the decedent's Account to the designated beneficiary(ies), or to the decedent's estate where applicable, in a lump sum as soon as reasonably practicable, but no later than 60 days, following such Participant's death. The spouse of a married Participant who has not consented in writing, on such form as the Administrator may prescribe, to a designation by the Participant of one or more non-spouse beneficiary(ies) shall be treated as the designated primary beneficiary for 50% of any portion of the Participant's Account remaining undistributed at the Participant's death (or such larger

amount as the Participant shall have specified in his or her beneficiary designation, if any, in effect at the time of the Participant's death). If application of the preceding sentence results in the Participant's spouse being treated as the designated primary beneficiary for any portion of the Participant's Account which would otherwise have been distributed to others, the Administrator shall reduce the amount payable to the other designated beneficiary(ies), if any, in such equitable manner as it deems appropriate under the circumstances.

(f) Unforeseeable Emergency. If a Participant suffers an unforeseeable emergency (as defined below) prior to the payment in full of his or her Account, the Participant may apply in writing for an extraordinary distribution under this paragraph. If the Administrator in its discretion determines that an unforeseeable emergency has occurred, the Participant's Employer will pay the Participant an amount equal to the lesser of (i) the then balance of the Participant's Account, or (ii) the amount determined by the Administrator to be necessary to meet the emergency (including applicable taxes). "Unforeseeable emergency" shall mean an unforeseeable emergency within the meaning of Section 409A of the Code and shall include (i) a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent (as defined in Section 152(a) of the Code) of the Participant, (ii) loss of the Participant's property due to casualty, or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

(g) Computation of installment payments, etc. If any Account is to be distributed in installments, the amount of each such installment shall be determined by applying the following special rules:

(i) If the Earnings Measure in effect for the Account when installments begin is the Moody's Rate, the amount of each installment shall be determined so as to result in equal installments over the installment period, applying the following special rules: (x) the Earnings Measure used to measure notional earnings with respect to the declining Account balance over the course of the installment period shall be a fixed rate equal to the average of the Moody's Rate for the year in which the installment distributions commence and the preceding four calendar years, and (y) notional earnings shall be determined by assuming that the Account is reduced at the beginning of each year in the installment period by the aggregate amount of the installment payments to be made for that year.

(ii) If the Earnings Measure in effect for the Account is not the Moody's Rate, the Account balance of the Participant shall be calculated as of the close of business on the first business day of each fiscal quarter of the Company during the installment period, and the quarterly installment or monthly installments for that quarter shall be calculated by dividing this balance by the

remaining number of quarterly or monthly payments due the Participant. By way of example, if the Participant elects 40 quarterly installments, the first payment shall be 1/40 of the account balance, calculated as of the first business day of the first fiscal quarter of the Company. The following quarter, the payment shall be 1/39 of the account balance calculated as of the first business day of the second fiscal quarter of the Company.

(iii) If the Earnings Measure in effect for the Account when installments begin is not the Moody's Rate, the Participant, subject to Section 4(b) above, may at any time during the installment period change the Earnings Measure in effect for the Account to the Moody's Rate effective as of the next January 1. The Account balance as of such January 1 shall be paid out in equal installments over the remainder of the installment period, with the amount of the installments determined applying the following special rules: (x) the Earnings Measure used to measure notional earnings with respect to the declining Account balance over the remainder of the installment period shall be a fixed rate equal to the average of the Moody's Rate for the calendar year in which the equal installment distributions commence and the preceding four calendar years, and (y) notional earnings shall be determined by assuming that the Account is reduced at the beginning of each year in the remainder of the installment period by the aggregate amount of the installment payments to be made for that year.

(iv) Notwithstanding any provisions of this Plan to the contrary, if the Earnings Measure in effect for an Account when installments begin is the Moody's Rate, or if the Participant changes the Earnings Measure to the Moody's Rate during the course of the installment period in accordance with Section 5(e)(iii) above, the Participant may not subsequently change the Earnings Measure.

(h) Section 162(m). Notwithstanding any other provision of the Plan, prior to a Change in Control (as that term is defined in the RSP as in effect immediately prior to such a Change) the Administrator may defer payment of any portion of a distribution hereunder to the extent permitted by Section 409A of the Code if the Administrator reasonably determines that such deferral is necessary to avoid disallowance of a deduction under Section 162(m) of the Code. Amounts so deferred shall continue to be credited with notional earnings under Section 4(b) and shall be paid on the earlier of (i) the date Section 162(m) would no longer limit the deductibility of such payment, as reasonably determined by the Administrator, or (ii) the date of Change in Control (as so defined).

(i) Taxes. All distributions under the Plan shall be subject to reduction for applicable tax withholding.

6. Assignment. Each Employer's obligations under the Plan shall be binding upon its successors and assigns. The rights of Participants and beneficiaries under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of such Participants and beneficiaries. Any attempt by any person other than Participants or their beneficiaries to bring a claim under the Plan shall be null and void.

7. Plan To Be Unfunded, Etc. The Plan is intended to be a "pension plan" (within the meaning of Section 3(2) of ERISA) that is unfunded for ERISA and tax purposes and that qualifies for the exemptions described in ERISA Sections 201(a)(2), 301(a)(3) and 401(a)(1). The Administrator shall be the "plan administrator" of the Plan and shall have discretion to construe its terms and determine each Eligible Employee's or Participant's eligibility for deferrals or distributions hereunder. If any person claims any benefit hereunder, the Administrator shall make and communicate its decision with respect to the claim within 90 days from the date the claim was received. Where special circumstances require additional time for processing the claim, the ninety-day response period may be extended by the Administrator to 180 days. If the Administrator does not render a written determination prior to the expiration of such 90-day (or 180-day) period, the claim will be deemed denied. If a claim hereunder is denied, the claimant may, within 60 days of such denial, appeal the denial by written request for review delivered to the Board or its designate, which request may include a request to review pertinent documents and to submit issues and comments in writing. The Board or its designate shall render a decision on the appeal within 60 days (or, if special circumstances require an extension of the time for processing, 120 days) after receipt of the request for review; but if no written decision is rendered within such period(s), the appeal will be deemed denied.

Nothing in this Section or in Section 4(b) shall be construed as prohibiting the Employer from establishing and maintaining a "rabbi trust" or similar trust or account in connection with the Plan, so long as the maintenance and funding of such a trust or account does not jeopardize the unfunded status of the Plan under ERISA or effective tax deferral under the Code.

8. No Contract of Employment. By participating in the Plan, each Participant expressly acknowledges and agrees that (i) nothing in the Plan or in its operation, including deferrals hereunder, limits the right of the Company or any other Employer to terminate the employment or other services of the Participant at any time, with or without cause, and that (ii) neither he or she, nor his or her beneficiaries, will claim lost compensation or tax benefits associated with discontinuance of participation in the Plan as damages or as a measure of damages in connection with any termination of employment or other services.

9. Amendment and Termination. The Board may terminate the Plan at any time and may amend the Plan at any time and from time to time, including amendments with retroactive effect; *provided*, that no such action shall, without the consent of the affected Participant, reduce the balance of any Participant's Account below what it was immediately prior to the taking of such action; *and further provided*, that upon and following a Change in Control (as defined in the RSP as in effect immediately prior to such a Change), no amendment shall result in the further

deferral of payments that have been delayed by reason of the operation of Section 5(h) above. If it determines such action to be necessary to preserve or reinstate the Plan's status as a "top hat" plan under Sections 201(a)(2), 301(a)(3) or 401(a)(1) of ERISA, or to ensure effective tax deferral under the Plan, the Administrator may at any time exclude any individual from Participation in the Plan or may make such changes in the deferral or distribution rules hereunder as are reasonably determined by the Administrator to be necessary to accomplish such result or results, provided, however, that such changes must be consistent with the requirements of Section 409A of the Code. Upon termination of the Plan in general or as to any Participant or group of Participants, the Administrator may, but need not, to the extent consistent with Section 409A of the Code, provide for immediate distribution of Accounts to the affected Participants.

10. Section 409A. With respect to amounts deferred by a Participant for services in calendar year 2005 and in subsequent years, including all income, gains and losses credited or charged with respect thereto ("non-grandfathered deferrals"), the Plan is intended to comply with the requirements of Section 409A of the Code and shall be construed accordingly. With respect to amounts deferred (within the meaning of Section 409A) by a Participant on or before December 31, 2004 (including all income, gains and losses credited or charged with respect thereto) ("grandfathered deferrals"), the Plan is intended to be grandfathered for purposes of Section 409A and therefore exempt from Section 409A.

11. Limitation of Liability. Notwithstanding anything to the contrary in the Plan, no Employer, nor the Administrator, nor any person acting on behalf of any Employer or the Administrator, shall be liable to any Participant or to the estate or beneficiary of any Participant by reason of any acceleration of income, or any additional tax, asserted by reason of the failure of any deferral to satisfy the requirements of Section 409A of the Code.

12. Administration of the Plan. The Administrator shall have full power to interpret and administer the Plan and determine the eligibility of any person for benefits hereunder and the amount of any such benefit, in its discretion. Without limiting the foregoing, the Administrator shall have full discretionary power and authority, not inconsistent with the express provisions of the Plan, to select those individuals who may participate in the Plan; to determine their remuneration eligible for deferral under the Plan; to determine their eligibility to commence receipt of benefits and the form of benefits (including, without limitation, any determination as to the proper treatment of leaves of absence and other periods of service to the Employer); to adopt, alter, and repeal such rules, guidelines and procedures for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to prescribe the form of any election under the Plan; and otherwise to supervise the administration of the Plan.

IN WITNESS WHEREOF, the Company has signed this Plan Document as of the 13th day of July, 2007.

By: /s/ Robby D. Sisco  
Title: Vice President for Human Resources

Appendix A

Employers Participating in the Plan  
Cabot Corporation  
Cabot Specialty Fluids, Inc.



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**Appendix B**

**Cabot Corporation**  
Deferred Compensation Plan  
*Master Plan Document*

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CABOT CORPORATION

DEFERRED COMPENSATION PLAN

1. In General. Cabot Corporation (the "Company") has established this Deferred Compensation Plan (the "Plan") to further its business interests by providing eligible employees an opportunity to defer some or all of their compensation on an unfunded, nonqualified basis as hereinafter provided. The Plan shall be effective January 1, 1995.

2. Defined Terms. As used in the Plan, the following terms have the meanings associated with them below:

- "Account": A memorandum account maintained by the Administrator to reflect the Employer's unfunded deferred compensation obligation to a Participant hereunder, including where the context requires any sub-account.
- "Administrator": The Benefits Committee of the Company, whose members are appointed by the Board and serve at the Board's pleasure, or such other committee, person or persons as the Board may designate. The term "Administrator" shall also include delegates of any of the foregoing.
- "Board": The Board of Directors of the Company.
- "Code": The federal Internal Revenue Code, as amended.
- "Consultant": An individual performing consulting services for an Employer (other than as an employee) who is designated by the Administrator as eligible to participate in the Plan, provided that such designation has not been revoked by the Administrator.
- "Earnings Measure": An interest rate, stock index, bond index, mutual fund or other objective external measure of investment performance specified by the Administrator for purposes of measuring and crediting notional earnings under Section 4(b) below.

- “Eligible Employee”: An individual employed by an Employer who is (i) determined by the Administrator to qualify as a “highly compensated or management” employee for purposes of Sections 201(a)(2), 301(a)(3) and 401(a)(1) of ERISA, and (ii) designated by the Administrator as eligible to participate in the Plan, provided that such designation has not been revoked by the Administrator.
- “Eligible Pay”: Except as otherwise determined by the Administrator, Eligible Pay shall include (i) in the case of an Eligible Employee: base salary, amounts payable under the Company’s short-term incentive program, and sales incentive bonuses; and (ii) in the case of a Consultant: the consulting fees payable by the Employer. The Administrator in its discretion may include other categories of remuneration in, or exclude categories of remuneration from, the definition of “Eligible Pay,” either in general or in particular cases.
- “Employer”: The Company and its Subsidiaries, or any of them. Except as otherwise specified by the Administrator, however, participation in the Plan shall be limited to Eligible Employees employed by, or Consultants providing services to, the Company or one of the Subsidiaries listed in Appendix A hereto.
- “ERISA”: The Employee Retirement Income Security Act of 1974, as amended.
- “Moody’s Rate”: The rate described in Section 5(e) below.
- “Participant”: A Consultant or an Eligible Employee who participates in the Plan.
- “RSP”: The Cabot Retirement Savings Plan as from time to time amended and in effect.
- “Subsidiary”: A corporation in which the Company holds, directly or indirectly, stock possessing 50% of the total voting power, and any other corporation or unincorporated trade or business that the Board designates as a Subsidiary for purposes of the Plan.

3. Deferral Election.

(a) In general. Each Eligible Employee and Consultant may elect to defer hereunder a specified portion or percentage of his or her Eligible Pay to be earned in any calendar year. Except as the Administrator may otherwise determine, Eligible Pay is earned in a year if (i) in the case of base salary or Consultant's fees paid on a periodic basis, it would normally be paid in that year; or (ii) in the case of other Eligible Pay, it is neither vested nor determinable at the beginning of the year but becomes determinable at some point during the year. Each such deferral election shall be made by the Participant's delivery to the Administrator of a deferral election form on or before the date specified by the Administrator, but in any case (except as provided in (b) below) prior to the first day of the calendar year to which the deferral election relates.

(b) First year of participation. Notwithstanding (a) above, an individual who first becomes eligible to participate in the Plan during the course of a calendar year may elect to defer a specified portion or percentage of his or her Eligible Pay for the remainder of the year by delivering to the Administrator a deferral election form within 30 days of being notified of eligibility, such election to take effect as of the first day of the month next following receipt by the Administrator of such form or forms (the "initial effective date"). An election under this paragraph shall be effective only as to Eligible Pay earned in the period commencing on the initial effective date and ending on the last day of the year, as determined by the Administrator under principles similar to those set forth in (a)(i) and (a)(ii) above.

(c) Limits. Except as otherwise determined by the Administrator, the maximum amount of Eligible Pay that an Eligible Employee may elect to defer for any year shall be 50% of his or her base salary plus 100% of any other Eligible Pay. An Eligible Employee who elects to defer any Eligible Pay for a year must defer at least \$2,000. The \$2,000 minimum shall apply on a prorated basis with respect to a partial year election under (b) above. A Consultant may defer any portion or all of his or her consulting fees for any year.

(d) Form of election; irrevocability. Each deferral election shall be made in writing on a form prescribed by the Administrator. The Administrator may condition the effectiveness of any election upon the delivery by the Participant of such other form or forms as the Administrator may prescribe. A deferral election applicable to Eligible Pay to be earned in a particular calendar year shall be irrevocable once that year has begun (or, in the case of an initial year of participation described in (b) above, once the 30-day election period has expired).

4. Accounts; Credits. For each Participant, the Administrator shall maintain one or more Accounts reflecting deferrals and notional earnings as hereinafter provided.

(a) Deferral credits. Each amount deferred by a Participant under Section 3 above shall be credited to the Participant's Account in the year the amount would have been paid absent the deferral. In addition, there shall be credited to the Account of each Participant who is an Eligible Employee: (i) for the year to which the Participant's deferral election relates, an amount equal to 10% of any base salary elected to be deferred by the Participant from that year; *provided*, that Participants who also participate in the Company's supplemental plans (or any of them) shall not be eligible for the additional credit described in this clause; and (ii) subject to Treas. Regs. § 1.401(k)-1(e) (6), if the Participant is a participant in RSP, an additional credit equal to the amount, if any, of matching contributions that would have been made for the benefit of such Participant under RSP but for a reduction thereunder attributable to the limitations of Sections 401(k) and 401(m) of the Code, provided that the Participant has elected to participate in RSP to the maximum extent permitted by Section 401(k) of the Code. Notional earnings under (b) below shall be calculated as though all amounts deferred under the preceding two sentences for a calendar year had been credited to the Participant's Account as of the first day of such year (or as of the date participation in the Plan commences, in the case of a Participant's first year of participation described in Section 3(b) above).

(b) Notional earnings. Not less frequently than annually, the Administrator shall adjust each Participant's Account to reflect notional earnings. Notional earnings shall be based on such Earnings Measures as the Administrator shall specify. The Administrator may, but need not, permit Participants to (i) select the Earnings Measures that will apply to their Accounts from among those specified by the Administrator, and (ii) change such Measures prospectively at any time. The Administrator shall have the absolute discretion at any time to alter or amend the Earnings Measures used in valuing and adjusting Accounts; *provided*, that the Administrator may not, without the written consent of the affected Participant, alter any Earnings Measure retroactively to the extent that the effect of such alteration would be to reduce the balance of the Participant's Account below what it was immediately prior to such alteration. Nothing herein shall be construed as obligating the Administrator or any Employer to set aside assets or establish a trust or other fund for purposes of the Plan.

(c) FICA/Medicare taxes, etc. To the extent any amount deferred or credited hereunder to the Account of a Participant is treated as "wages" for FICA/Medicare or FUTA tax purposes on a current basis rather than when distributed, all as determined by the Administrator, then the Administrator shall require that the Participant either (i) timely pay such taxes in cash by separate check to the Employer, or (ii) make other arrangements satisfactory to the Employer (e.g., additional withholding from other wage

payments) for the payment of such taxes. To the extent a Participant fails to pay or provide for such taxes as required, the Administrator may suspend the Participant's participation in the Plan or reduce amounts credited or to be credited hereunder.

5. Payment of Deferred Amounts. The Participant's Employer shall make distributions of Account balances as provided in this Section. All distributions shall be in cash.

(a) Form and timing of distributions; in general. Amounts credited to a Participant's Account for any year under Section 4(a) above (the "deferral year"), adjusted for notional earnings under Section 4(b) above, shall be paid as the Participant elects either

(i) upon the expiration of a fixed period of years, but in no event earlier than the third anniversary of the beginning of the deferral year (a "fixed-period election"), or

(ii) upon termination of the Participant's employment or consulting relationship with the Employer.

A fixed-period election shall not be effective for any deferral year unless made prior to the beginning of the deferral year or within 30 days of being notified of eligibility to participate, in the case of an initial year of participation described in Section 3(b) above, and once made shall be irrevocable. Amounts distributable pursuant to a fixed-period election shall be paid in a lump sum. If the Participant's employment or consulting relationship with the Employer terminates prior to the payment date specified in any fixed-period election, amounts that would otherwise have been payable under (i) above pursuant to such election shall instead be paid in a lump sum upon such termination.

A Participant shall be deemed to have elected a distribution under (ii) above as to any portion of his or her Account for which an effective fixed-period election has not been made. Subject to such rules as the Administrator may prescribe, a Participant may elect to have amounts distributable under (ii) above paid either in a lump sum or in equal monthly installments over a period of five, ten or fifteen years (a "form of payment election"), and may change such election at any time prior to termination of employment or termination of the consulting relationship. However, a Participant may have only one form of payment election in effect at any time, and it shall control the manner in which the entirety of the Participant's Account distributable under (ii) above will be paid. Moreover, except for a Participant's initial form of payment election made in connection with his or her commencement of participation in the Plan, no such election or change in election shall be effective unless made more than three years prior to termination of the Participant's employment or consulting relationship with the Company. In the absence of any effective form of payment election, all amounts distributable to a Participant under



the Plan shall be paid in a lump sum. The Administrator may also in its discretion accelerate the distribution under (ii) above, including payment of a lump sum, to a Participant who elected an installment payout and who terminates employment prior to age 55 with less than 10 years of service with all Employers.

(b) Distributions upon death. Each Participant shall designate in writing, on such form as the Administrator shall prescribe, a beneficiary or beneficiaries to receive any amounts remaining to be paid hereunder at the Participant's death; but if no such beneficiary designation is in effect at the time of the Participant's death, or if the Participant's beneficiary(ies) do(es) not survive the Participant, the Administrator shall cause any such remaining benefits to be paid to the executor or administrator of the Participant's estate. If death occurs prior to the commencement or completion of installment distributions to the Participant, the Administrator reserves the right to distribute the remaining balance of the decedent's Account to the designated beneficiary(ies), or to the decedent's estate where applicable, in a lump sum or other form of payment. The spouse of a married Participant who has not consented in writing, on such form as the Administrator may prescribe, to a designation by the Participant of one or more non-spouse beneficiary(ies) shall be treated as the designated primary beneficiary for 50% of any portion of the Participant's Account remaining undistributed at the Participant's death (or such larger amount as the Participant shall have specified in his or her beneficiary designation, if any, in effect at the time of the Participant's death). If application of the preceding sentence results in the Participant's spouse being treated as the designated primary beneficiary for any portion of the Participant's Account which would otherwise have been distributed to others, the Administrator shall reduce the amount payable to the other designated beneficiary(ies), if any, in such equitable manner as it deems appropriate under the circumstances.

(c) Hardship. If a Participant suffers an unforeseeable financial emergency (caused by an event beyond the Participant's control) prior to the payment in full of his or her Account, the Participant may apply in writing for an extraordinary distribution under this paragraph. If the Administrator in its discretion determines that an unforeseeable financial emergency has occurred, the Participant's Employer will pay the Participant an amount equal to the lesser of (i) the then balance of the Participant's Account, or (ii) the amount determined by the Administrator to be necessary to meet the emergency (including applicable taxes).

(d) Other Withdrawals. A Participant may at any time elect to withdraw the entirety of his or her Accounts less a 10% withdrawal penalty (in addition to any applicable tax withholding). Any such election shall be made in such manner and upon such prior notice as the Administrator may prescribe. A Participant who elects a withdrawal under this Section 5(d) shall thereby be barred from future participation in the Plan and shall cease to be a Participant.

(e) Computation of installment payments, etc. If any Account is to be distributed in installments, the amount of each such installment shall be determined so as to result in equal installments over the installment period, applying the following special rules and assumptions: (i) the Earnings Measure used to measure notional earnings with respect to the declining Account balance over the course of the installment period shall be a fixed rate equal to the average of the Moody's Rate for the year in which the installment distributions are to commence and the preceding four calendar years, and (ii) notional earnings (calculated using the Earnings Measure described in (i) above) shall be determined by assuming that the Account is reduced at the beginning of each year in the installment period by the aggregate amount of the installment payments to be made for that year. For purposes of this paragraph, the Moody's Rate for any calendar year is the interest rate specified in Moody's Bond Record under the heading of "Moody's Corporate Bond Yield Averages — Av. Corp.", as published for the month of November preceding the calendar year.

(f) Section 162(m). Notwithstanding any other provision of the Plan, prior to a Change in Control (as that term is defined in RSP as in effect immediately prior to such a Change) the Administrator may defer payment of any portion of a distribution hereunder if in the judgment of the Administrator such deferral is necessary to avoid disallowance of a deduction under Section 162(m) of the Code. Amounts so deferred shall continue to be credited with notional earnings under Section 4(b) and shall be paid on the earlier of (i) the date Section 162(m) would no longer limit the deductibility of such payment, as reasonably determined by the Administrator, or (ii) the date of Change in Control (as so defined).

(g) Taxes. All distributions under the Plan shall be subject to reduction for applicable tax withholding.

6. Assignment. Each Employer's obligations under the Plan shall be binding upon its successors and assigns. The rights of Participants and beneficiaries under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of such Participants and beneficiaries. Any attempt by any person other than Participants or their beneficiaries to bring a claim under the Plan shall be null and void.

7. Plan To Be Unfunded, Etc. The Plan is intended to be a "pension plan" (within the meaning of Section 3(2) of ERISA) that is unfunded for ERISA and tax purposes and that

qualifies for the exemptions described in ERISA Sections 201(a)(2), 301(a)(3) and 401(a)(1). The Administrator shall be the "plan administrator" of the Plan and shall have discretion to construe its terms and determine each Eligible Employee's or Participant's eligibility for deferrals or distributions hereunder. If any person claims any benefit hereunder, the Administrator shall make and communicate its decision with respect to the claim within 90 days from the date the claim was received. Where special circumstances require additional time for processing the claim, the ninety-day response period may be extended by the Administrator to 180 days. If the Administrator does not render a written determination prior to the expiration of such 90-day (or 180-day) period, the claim will be deemed denied. If a claim hereunder is denied, the claimant may, within 60 days of such denial, appeal the denial by written request for review delivered to the Board or its designate, which request may include a request to review pertinent documents and to submit issues and comments in writing. The Board or its designate shall render a decision on the appeal within 60 days (or, if special circumstances require an extension of the time for processing, 120 days) after receipt of the request for review; but if no written decision is rendered within such period(s), the appeal will be deemed denied.

Nothing in this Section or in Section 4(b) shall be construed as prohibiting the Employer from establishing and maintaining a "rabbi trust" or similar trust or account in connection with the Plan, so long as the maintenance and funding of such a trust or account does not jeopardize the unfunded status of the Plan under ERISA or effective tax deferral under the Code.

8. No Contract of Employment. By participating in the Plan, each Participant expressly acknowledges and agrees that (i) nothing in the Plan or in its operation, including deferrals hereunder, limits the right of the Company or any other Employer to terminate the employment or other services of the Participant at any time, with or without cause, and that (ii) neither he or she, nor his or her beneficiaries, will claim lost compensation or tax benefits associated with discontinuance of participation in the Plan as damages or as a measure of damages in connection with any termination of employment or other services.

9. Amendment and Termination. The Board may terminate the Plan at any time and may amend the Plan at any time and from time to time, including amendments with retroactive effect; *provided*, that no such action shall, without the consent of the affected Participant, reduce the balance of any Participant's Account below what it was immediately prior to the taking of such action; *and further provided*, that upon and following a Change in Control (as defined in RSP as in effect immediately prior to such a Change), no amendment shall result in the further deferral of payments that have been delayed by reason of the operation of Section 5(e) above. If it determines such action to be necessary to preserve or reinstate the Plan's status as a "top hat" plan under Sections 201(a)(2), 301(a)(3) or 401(a)(1) of ERISA, or to ensure effective tax deferral under the Plan, the Administrator may at any time exclude any individual from

Participation in the Plan and cause his or her Account to be promptly distributed, or may make such changes in the deferral or distribution rules hereunder as are reasonably determined by the Administrator to be necessary to accomplish such result or results. Upon termination of the Plan in general or as to any Participant or group of Participants, the Administrator may, but need not, provide for immediate distribution of Accounts to the affected Participants.

10. Administration of the Plan. The Administrator shall have full power to interpret and administer the Plan and determine the eligibility of any person for benefits hereunder and the amount of any such benefit, in its discretion. Without limiting the foregoing, the Administrator shall have full discretionary power and authority, not inconsistent with the express provisions of the Plan, to select those individuals who may participate in the Plan; to determine their remuneration eligible for deferral under the Plan; to determine their eligibility to commence receipt of benefits and the form of benefits (including, without limitation, any determination as to the proper treatment of leaves of absence and other periods of service to the Employer); to adopt, alter, and repeal such rules, guidelines and procedures for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to prescribe the form of any election under the Plan; and otherwise to supervise the administration of the Plan.

IN WITNESS WHEREOF, the Company has signed this Plan Document as of the 1st day of January 1995.

By: \_\_\_\_\_ Karen M. Morrissey \_\_\_\_\_  
Its: \_\_\_\_\_ Vice President \_\_\_\_\_

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Appendix A

Employers Participating in the Plan

Cabot Corporation

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AMENDMENT 1997-1  
TO  
CABOT CORPORATION  
DEFERRED COMPENSATION PLAN

Cabot Corporation, a Delaware corporation (the "Company"), pursuant to Section 9 of the Cabot Corporation Deferred Compensation Plan (the "Plan"), hereby amends the Plan, as follows, effective as of June 1, 1997:

1. Section 1 is amended by inserting the phrase "and non-employee directors" after the word "employees".
2. The following defined terms are added to Section 2 immediately following the definition of "CRISP":

"Director: Any member of the Board other than an employee of any Employer.

"Director Fees": The cash annual retainer fees and meeting fees paid by the Company as compensation for service on the Board or any committee thereof.

3. The definitions of "Eligible Pay", "Moody's Rate" and "Participant" in Section 2 are amended in their entireties to read as follows:

"Eligible Pay": Except as otherwise determined by the Administrator, Eligible Pay shall include (i) in the case of an Eligible Employee: base salary, amounts payable under the Company's short-term incentive program, and sales incentive bonuses; (ii) in the case of a Consultant: the consulting fees payable by the Employer; and (iii) in the case of a Director: Director Fees. The Administrator in its discretion may include other categories of remuneration in, or exclude categories of remuneration from, the definition of "Eligible Pay," either in general or in particular cases; provided, that any such change affecting Director Fees shall also require the approval of the Board.

"Moody's Rate": For any calendar year, the interest rate specified in Moody's Bond Record under the heading of "Moody's Corporate Bond Yield Averages – Av. Corp.," as published for the month of November preceding the calendar year.

"Participant": A Consultant, Eligible Employee or Director who participates in the Plan.

4. Section 2 is further amended by (i) adding the phrase “, and to Directors” at the end of the definition of “Employer” and (ii) adding the following to the definition of “Earnings Measure”:

In the case of Eligible Pay deferred by a Director, the Earnings Measure applied under Section 4(b) below shall be limited to one of the following: (i) a notional interest rate equal (for each year) to the Moody’s Rate for such year, or (ii) deemed investment in (i.e. phantom units of) common stock of the Company. If the Earnings Measure is based on the Moody’s Rate, all Eligible Pay deferred by a Director during a calendar year shall be credited to the Director’s Account as of the first day of such calendar year. If the Earnings Measure is based on common stock of the Company, all Eligible Pay deferred by a Director during a calendar quarter shall be credited to the Director’s Account in phantom stock units as of, and based on the closing price for the Company common stock on the New York Stock Exchange on, the last trading day of such quarter, and phantom dividends on such Account (based on the balance of phantom stock units in such Account on the record date for each dividend declared on shares of Company common stock) shall be added to such Account in phantom stock units as of, and based on the closing price for the common stock on the New York Stock Exchange on, the date dividends are actually paid on the common stock.

5. Section 3 is amended by adding thereto a new Section 3(e) to read in its entirety as follows:

(e) Special rules for Directors. The provisions of this Section 3(e) shall apply, in the case of a Director, in lieu of the provisions of Sections 3(a) through (d) above. A Director may defer up to 100% of any Eligible Pay for any calendar year commencing on or after January 1, 1998 by completing and delivering a deferral election in accordance with Section 3(d) above not later than September 15 of the preceding year. A Director who is serving as such on June 1, 1997 may defer up to 100% of any Eligible Pay earned in the third and fourth quarters of calendar year 1997 by completing and delivering a deferral election in accordance with Section 3(d) above not later than June 30, 1997. Any individual who becomes a Director after June 1, 1997 may elect within 30 days after becoming a Director to defer up to 100% of any Eligible Pay earned in the remainder of the calendar year in which such individual becomes a Director (and the following calendar year, if such individual becomes a Director between August 16 and December 31 of any calendar year) by completing and delivering a deferral election in accordance with Section 3(d) above within such 30-day period. A

Director's Eligible Pay shall be treated as earned on the date it would be paid if not deferred hereunder. The minimum amount that a Director may defer for any calendar year shall be \$2,000.

6. Section 4(b) is amended in its entirety to read as follows:

(b) Notional earnings. Not less frequently than annually, the Administrator shall adjust each Participant's Account to reflect notional earnings. Notional earnings shall be based on one Earnings Measure selected by the Participant from such Earnings Measures as the Administrator may specify. Subject to Sections 5(e)(iii) and (iv) below, the next sentence and such other rules and regulations as the Administrator may require, the Administrator may, but need not, permit Participants to (i) select an Earnings Measure that will apply to their Accounts from among those specified by the Administrator, and (ii) change such Earnings Measure to another specified Earnings Measure. Notwithstanding any provision of this Plan to the contrary, (i) a Participant may only select one Earnings Measure to apply to his or her entire Account at any one time, and (ii) the effective date of any change in Earnings Measure must be a prospective January 1. The Administrator shall have the absolute discretion at any time to alter or amend the Earnings Measures used in valuing and adjusting Accounts; provided, that the Administrator may not, without the written consent of the affected Participant, alter any Earnings Measure retroactively to the extent that the effect of such alteration would be to reduce the balance of the Participant's Account below what it was immediately prior to such alteration. Nothing herein shall be construed as obligating the Administrator or any Employer to set aside assets or establish a trust or other fund for the purposes of the Plan.

7. Section 5(a) is amended by (i) inserting the phrase ", service as a Director" after the word "employment" the first, second and fourth times it appears, (ii) replacing the phrase "termination of employment or termination of the consulting relationship," with the phrase "termination of the Participant's employment, service as a Director or consulting relationship with the Employer" and (iii) deleting the word "equal".

8. Section 5(e) is amended in its entirety to read as follows:

(e) Computation of installment payments, etc. If any Account is to be distributed in installments, the amount of each installment shall be determined applying the following special rules:

(i) If the Earnings Measure in effect for the Account when installments begin is the Moody's Rate, the amount of each installment shall be determined so



as to result in equal installments over the installment period, applying the following special rules: (x) the Earnings Measure used to measure notional earnings with respect to the declining Account balance over the course of the installment period shall be a fixed rate equal to the average of the Moody's Rate for the year in which the installment distributions commence and the preceding four calendar years, and (y) notional earnings shall be determined by assuming that the Account is reduced at the beginning of each year in the installment period by the aggregate amount of the installment payments to be made for that year.

(ii) If the Earnings Measure in effect for the Account is not the Moody's Rate, the Account balance of the Participant shall be calculated as of the close of business on the first business day of each month during the installment period, and the monthly installment for that month shall be calculated by dividing this balance by the remaining number of monthly payments due the Participant. By way of example, if the Participant elects 120 monthly installments, the first payment shall be 1/120 of the account balance, calculated as of the first business day of the first month. The following month, the payment shall be 1/119 of the account balance calculated as of the first business day of the second month.

(iii) If the Earnings Measure in effect for the Account when installments begin is not the Moody's Rate, the Participant, subject to Section 4(b) above, may at any time during the installment period change the Earnings Measure in effect for the Account to the Moody's Rate effective as of the next January 1. The Account balance as of such January 1 shall be paid out in equal installments over the remainder of the installment period, with the amount of the installments determined applying the following special rules: (x) the Earnings Measure used to measure notional earnings with respect to the declining Account balance over the remainder of the installment period shall be a fixed rate equal to the average of the Moody's Rate for the calendar year in which the equal installment distributions commence and the preceding four calendar years, and (y) notional earnings shall be determined by assuming that the Account is reduced at the beginning of each year in the remainder of the installment period by the aggregate amount of the installment payments to be made for that year.

(iv) Notwithstanding any provisions of this Plan to the contrary, if the Earnings Measure in effect for an Account when installments begin is the Moody's Rate, or if the Participant changes the Earnings Measure to the Moody's Rate during the course of the installment period in accordance with Section 5(e)(iii) above, the Participant may not subsequently change the Earnings Measure.

In Witness Whereof, the Company has caused this Amendment to be signed by it's duly authorized officer this 30<sup>th</sup> day of June 1997.

CABOT CORPORATION

By:                   /s/  Karen M. Morrissey                  

Its:   Vice President  

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AMENDMENT NO. 1  
TO  
CABOT CORPORATION  
AMENDED AND RESTATED DEFERRED COMPENSATION PLAN

Cabot Corporation, a Delaware corporation (the "Company"), pursuant to Section 9 of the Cabot Corporation Amended and Restated Deferred Compensation Plan (the "Plan"), hereby amends the Plan, as follows, effective from November 9, 2007:

The third paragraph of Section 5(a) is amended in its entirety to read as follows:

"Upon making a separation-from-service election, a Participant may elect to have amounts distributable pursuant to such election paid either in a lump sum or in installments over a period of five, ten or fifteen years (a "form-of-payment election"). If a Participant chooses a lump sum form of payment, such lump sum shall be paid as soon as reasonably practicable, but no later than 60 days following such separation from service, subject to any election change pursuant to Section 5(b). If a Consultant or an Eligible Employee chooses an installment form of payment, installment payments shall be paid monthly and shall commence as of the first day of the calendar year following the date such Participant separates from service, subject to any election change pursuant to Section 5(b). If a Director chooses an installment form of payment, installment payments shall be paid quarterly and shall commence as of the last day of the quarter in which the Director separates from service. Notwithstanding a Participant's election under this Section 5(a) to receive installment payments, if the present value of the amount to be paid in installments is less than \$50,000 at the time of the Participant's separation from service, all amounts distributable to such Participant under (i) above shall be paid in a lump sum as soon as reasonably practicable, but no later than 60 days following such separation."

In Witness Whereof, the Company has caused this Amendment to be signed by its duly authorized officer this 9th day of November, 2007.

CABOT CORPORATION

By: /s/ Robby D. Sisco

Its: Vice President-Human Resources

AMENDMENT NO. 2  
TO  
CABOT CORPORATION  
AMENDED AND RESTATED DEFERRED COMPENSATION PLAN

Cabot Corporation, a Delaware corporation (the "Company"), pursuant to Section 9 of the Cabot Corporation Amended and Restated Deferred Compensation Plan, as amended November 9, 2007 (the "Plan"), hereby amends the Plan, as follows, effective January 1, 2009:

1. The following definitions are added as Sections 2.16 and 2.17 and the prior Section 2.16 is renumbered as 2.18:

Section 2.16 "Separation from Service". A "separation from service" (as that term is defined at Treas. Regs. § 1.409A-1(h)) from the Company and from all other corporations and trades or businesses, if any, that would be treated as a single "service recipient" with the Company under Treas. Regs. § 1.409A-1(h)(3). Wherever the terms "separation from service", "termination of employment" (or other correlative terms) appearing in the Plan affect a Participant's entitlement to, or the timing of, the payment of any amount of deferred compensation subject to Section 409A of the Code, such terms shall be construed to require a "Separation from Service" as defined in this Section 2.16.

Section 2.17 "Specified Employee". A Participant who (i) has a Separation from Service in the period beginning July 1 of any given year and ending June 30 of the following year and (ii) was a "key employee" (determined under Section 416(i)(1)(A)(i), (ii) or (iii) of the Code, applied in accordance with the regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time during the 12-month period ending on the March 31 immediately preceding such July 1; provided, however, that such Participant will be treated as a Specified Employee hereunder only if at the date of such Participant's Separation from Service, the Company (or any other corporation forming part of the Employer) is a corporation any stock of which is publicly traded on an established securities market or otherwise.

2. Section 5(a) is amended in its entirety to read as follows:

(a) Form and timing of distributions; in general. Amounts credited to a Participant's Account for any year under Section 4(a) above (the "deferral year")

(i) consisting of the Participant's deferrals under Section 3, adjusted for notional earnings under Section 4(b) above, shall be paid as the Participant elects either

(x) upon the expiration of a fixed period of years, but in no event earlier than the third anniversary of the beginning of the deferral year (a "fixed-period election"), or

(y) upon the Participant's Separation from Service (a "separation-from-service election"); and

(ii) consisting of credits to the Participant's Account made by the Employer, adjusted for notional earnings under Section 4(b) above, shall be paid upon the Participant's Separation from Service.

Any election made under this Section 5(a) shall not be effective for any deferral year unless made prior to the beginning of the deferral year or within 30 days of the Participant's becoming eligible to participate in the Plan, in the case of an initial year of participation described in Section 3(b) above, and once made shall be irrevocable.

An amount distributable pursuant to a fixed-period election shall be paid in a lump sum in January of the year specified in such fixed-period election (a "fixed-period payment date"). Any amount distributable pursuant to 5(a)(ii) for the deferral year to which a fixed-period election relates shall be paid in a lump sum as soon as reasonably practicable upon the Participant's Separation from Service, but no later than 60 days following such Separation. If the Participant Separates from Service prior to a fixed-period payment date, the amount that would otherwise have been payable on such date shall instead be paid in a lump sum as soon as reasonably practicable, but no later than 60 days following such Separation.

Upon making a separation-from-service election, a Participant may elect to have amounts distributable under both sections 5(a)(i) and 5(a)(ii) for the deferral year to which such election relates paid either in a lump sum or in installments over a period of three, five or ten years (a "form-of-payment election"). If a Participant chooses a lump sum form of payment, such lump sum shall be paid as soon as reasonably practicable, but no later than 60 days following the Participant's Separation from Service, subject to any election change pursuant to Section 5(b). If a Consultant or an Eligible Employee chooses an installment form of payment, installment payments shall be paid biweekly in each regular payroll payment of the Company and shall commence as of the first payroll period of the Company in the calendar year following the calendar year in which such Participant Separates from Service, subject to any election change pursuant to Section 5(b). If a Director chooses an installment form of payment, installment payments shall be paid quarterly and shall commence as of the last day of the quarter in which the Director Separates from Service. Notwithstanding a Participant's election under this Section 5(a) to receive installment payments, if the present value of the amount to be paid in installments is less than \$50,000 at the time of the Participant's Separation from Service, all amounts otherwise distributable to such Participant as installments shall be paid in a lump sum as soon as reasonably practicable, but no later than 60 days following such Separation.

A Participant may have more than one fixed-period payment election in effect at one time with respect to his or her Account and may have both a fixed-period payment election or elections and a separation-from-service election in effect at one time with respect to his or her Account. For example, a Participant may elect to have deferrals for 2008 paid in 2012, deferrals for 2009 paid upon Separation from Service, and deferrals for 2010 paid in 2015. However, except as provided below in Section 5(c), a Participant may have only one form of payment election in effect at any time with respect to all amounts the Participant has elected to have paid upon Separation from Service under Sections 5(a)(i)(y) and 5(a)(ii).

3. Section 5(d) is amended in its entirety to read as follows:

"Key Employees. Notwithstanding the provisions of Section (a) above, any lump sum payment distributable upon the separation from service of a Participant who is a Specified Employee shall be paid on the date that is six months after the date of the Participant's Separation from Service. If a Participant who is a Specified Employee has elected an installment form of payment, any installment payments payable during the first six months following the date of such Participant's separation from service shall instead be paid on the later of (i) the date provided in Section 5(a) and (ii) the date that is six months following such Participant's Separation from Service."

4. The second sentence of Section 5(e) is replaced in its entirety with the following two sentences:

"If death occurs prior to the commencement or completion of installment distributions to the Participant, the Administrator shall distribute the remaining balance of the decedent's Account to the designated beneficiary(ies), or to the decedent's estate where applicable, in a lump sum as soon as reasonably practicable, but no later than 90 days, following such Participant's death; provided, however, that the Company shall not be liable to the Participant nor to the estate nor beneficiary of the Participant, by reason of any acceleration of income or additional tax under Section 409A of the Code, or for any other reason in connection with the timely payment of any amount under this Section 5(e). The Administrator reserves the right to request a certified death certificate or other confirmation of death satisfactory to the Administrator at his or her discretion with respect to a payment to be made to the Participant's beneficiary, and if so requested by the Administrator, the provision of such confirmation of death shall be a precondition to payment to the Participant's beneficiary."

5. Section 5(g)(ii) is amended by replacing the word "monthly" each place it occurs in such Section with the word "biweekly."

In Witness Whereof, the Company has caused this Amendment to be signed by its duly authorized officer this 31<sup>st</sup> day of December, 2008.

CABOT CORPORATION

By: /s/ Robby D. Sisco

Its: Vice President-Human Resources

AMENDMENT NO. 3

TO CABOT CORPORATION

AMENDED AND RESTATED DEFERRED COMPENSATION PLAN

Pursuant to Section 9 of the Cabot Corporation Amended and Restated Deferred Compensation Plan (the "Plan"), the Plan is hereby amended as follows:

1. Effective January 1, 2013, Section 4(a) is amended by deleting in clause (i) the words "an amount equal to 10% of any base salary" and inserting in their place the words: "in the case of a Participant who is an Eligible Employee of Cabot Corporation, Cabot Specialty Fluids, Inc. or Oxonica Materials, Inc., an amount equal to 10% of Eligible Pay, as "Eligible Pay" is defined in Section 2.10(i), and in the case of a Participant who is an Eligible Employee of Norit Americas, Inc., an amount equal to 10% of base salary."
2. Effective July 28, 2010, Oxonica Materials, Inc. (OMI), is added to the list of "Employers Participating in the Plan" in Appendix A.
3. Effective December 31, 2012, Norit Americas, Inc. is added to the list of "Employers Participating in the Plan" in Appendix A.

IN WITNESS WHEREOF, Cabot Corporation has caused this instrument of amendment to be executed by its duly authorized officer this 7th day of December, 2012.

CABOT CORPORATION

By: /s/ Robby D. Sisco

Name: Robby D. Sisco

Title: Senior Vice President

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APPENDIX C

(Cabot Corporation Supplemental Retirement Savings Plan, as amended and in effect December 31, 2013)



**CABOT CORPORATION**  
**AMENDED AND RESTATED**  
**SUPPLEMENTAL RETIREMENT SAVINGS PLAN**

**PREAMBLE**

Cabot Corporation (the "Corporation") initially adopted the Cabot Corporation Supplemental Retirement Incentive Savings Plan, a nonqualified supplemental plan, pursuant to a vote of the Board of Directors of the Corporation on February 10, 1984. The Supplemental Retirement Incentive Savings Plan incorporated a supplemental profit-sharing plan previously authorized by the Board of Directors on September 10, 1976. The Supplemental Retirement Incentive Savings Plan was amended and restated effective September 9, 1988, and subsequently amended from time to time. The Corporation adopted the Cabot Corporation Supplemental Employee Stock Ownership Plan pursuant to a vote of the Board of Directors, effective September 9, 1988, and subsequently amended the plan from time to time.

Effective December 31, 2000, the Cabot Corporation Retirement Incentive Savings Plan was merged with and into the Cabot Corporation Employee Stock Ownership Plan, and the combined amended and restated plan was renamed the Cabot Corporation Retirement Savings Plan (the "CRSP"). Further, effective December 31, 2000, the Supplemental Retirement Incentive Savings Plan was merged with and into the Supplemental Employee Stock Ownership Plan, and the combined amended and restated plan was renamed the Cabot Supplemental Retirement Savings Plan (the "Plan").

The 2008 amendment and restatement of the Plan set forth herein is intended *inter alia* to conform the Plan to the requirements of Section 409A of the Internal Revenue Code, as amended from time to time, including the transition rules and exemptive relief provisions thereunder ("Section 409A"), and shall be construed consistent with that intent. For purposes of Section 409A compliance, the Plan consists of two parts: (i) amounts deferred on behalf of a Participant that were earned and vested on or after January 1, 2005, including all income, gains and losses credited or charged with respect thereto ("Section 409A deferrals") and (ii) amounts deferred on behalf of a Participant that were earned and vested on or before December 31, 2004 (including all income, gains and losses credited or charged with respect thereto) ("grandfathered deferrals"). With respect to Section 409A deferrals, the Plan is intended to comply with the requirements of Section 409A and shall be interpreted and administered in a manner consistent with such requirements. With respect to grandfathered deferrals, the Plan is intended to be grandfathered for purposes of Section 409A and therefore exempt from Section 409A.

The provisions of this amended and restated Plan are effective as of January 1, 2009 except with respect to grandfathered deferrals, which will continue to be governed by the terms of the Plan as in effect on December 31, 2004. The grandfathered deferrals have not been amended or modified after October 3, 2004, and a copy of the Plan as in effect on December 31, 2004 is attached hereto as Appendix A.

The purpose of the Plan is to provide benefits to a designated group of managers who are highly compensated employees of the Corporation or its subsidiaries, supplemental to benefits provided under the CRSP. The Plan is intended to be "a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended from time to time.

Except as otherwise specifically provided herein, the rights and benefits, if any, of an individual who was a participant in the Plan (including any component predecessor plan) and who ceased to be a participant on or prior to December 31, 2008, will be determined in accordance with the provisions of the Plan as in effect on the date he or she ceased to be a participant and in accordance with the requirements of Section 409A as applicable.

#### SECTION 1 Definitions

When used herein, capitalized words and phrases shall have the following meanings. Capitalized words and phrases that are not defined herein shall have the meanings assigned to them in the CRSP.

1.1. "Applicable Matching Percentage" means (i) for any period for which Basic Matching Contributions but no discretionary Matching Contributions are made under Section 6.5(a) of the CRSP, five and five-eighths (5.625%) percent; and (ii) for any period for which discretionary Matching Contributions are made under the CRSP, 5.625% plus the maximum rate (expressed as a percentage of Compensation) at which discretionary Matching Contributions are made for such period with respect to any participant in the CRSP.

1.2. "Beneficiary" means the individual(s) or entity(ies) entitled under Section 3.6 below to receive any benefits hereunder upon the death of a Supplemental Plan Participant.

1.3. "CRSP" means the Cabot Corporation Retirement Savings Plan.

1.4. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.5. "Committee" means the Benefits Committee as defined in the CRSP.

1.6. "Corporation" means Cabot Corporation.

1.7. "Employer" means the Corporation and/or any Affiliated Employer, as required by the context.

1.8. "Memorandum Account" means the account established by the Corporation on behalf of each Supplemental Plan Participant, to which amounts described in Sections 3.1 shall be credited. The Committee shall establish such subaccounts as may be necessary or desirable to implement the terms of this Plan.

1.9. "Plan" means this Supplemental Retirement Savings Plan.

1.10. "Retirement" means Separation from Service with the Corporation and other Affiliated Employers by the Supplemental Plan Participant following attainment of his or her Early Retirement Date or Normal Retirement Date. An individual who has Separated from Service by reason of Retirement shall be treated as having "Retired."

1.11. "Section 409A" means Section 409A of the Code and guidance issued thereunder.

1.12. "Separation from Service" means and correlative terms mean a "separation from service" (as that term is defined at Treas. Regs. § 1.409A-1(h)) from (i) in the case of a Participant employed by the Corporation, the Corporation and from all other corporations and trades or businesses, if any, that would be treated as a single "service recipient" with the Corporation under Treas. Regs. § 1.409A-1(h)(3) or (ii) in the case of a Participant employed by an Affiliated Employer other than the Corporation, such Affiliated Employer and from all other corporations and trades or businesses, if any, that would be treated as a single "service recipient" with such Affiliated Employer under Treas. Regs. § 1.409A-1(h)(3).

1.13. "Specified Employee" means a Supplemental Plan Participant who (i) has a Separation from Service in the period beginning July 1 of any given year and ending June 30 of the following year and (ii) was a "key employee" (determined under Section 416(i)(1)(A)(i), (ii) or (iii) of the Code, applied in accordance with the regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time during the 12-month period ending on the March 31 immediately preceding such July 1; provided, however, that such Participant will be treated as a Specified Employee hereunder only if on the date of such Participant's Separation from Service, the Company (or any other corporation forming part of the Employer) is a corporation any stock of which is publicly traded on an established securities market or otherwise.

1.14. "Supplemental Plan Participant" means an individual who participates in the Plan in accordance with Section 2 below.

1.15. "Valuation Date" means any business day the New York Stock Exchange is open for trading and such other date or dates as may be specified by the Investment Committee of the Corporation from time to time.

## SECTION 2 Participation

2.1. Participation. Any person who was a participant in the Plan on December 31, 2008, will continue to participate in the Plan in accordance with its terms after such date. Each other individual who is a participant in the CRSP shall begin participation in and shall accrue benefits as provided in Section 3 from the first day of the first month following the date that such individual satisfies either (a) or (b) below, and, with respect to accruals described in Section 3.1(a), also satisfies (c) below.

(a) This Section 2.1(a) is satisfied if such individual's base salary for any such year (as determined by the Committee), before reduction for deferrals, if any, under the CRSP, the Corporation's nonqualified Deferred Compensation Plan, or any salary deferral under Sections 125 and 132 of the Code, equals or exceeds the dollar limitation applicable to such year under Section 401(a)(17) of the Code.

(b) This Section 2.1(b) is satisfied if such individual's Compensation for such year, reduced for deferrals, if any, under the Corporation's nonqualified Deferred Compensation Plan equals or exceeds the dollar limitation applicable to such year under Section 401(a)(17) of the Code.

(c) This Section 2.1(c) is satisfied if, for such year (or for such portion of the year during which he or she satisfies the requirements of (a) or (b) above) such individual has elected to participate in pre-tax deferrals and/or after-tax contributions under the CRSP to the maximum extent permissible thereunder (taking into account any limitations imposed under the CRSP to comply with the qualification requirements of the Code) and accordingly has received the maximum possible Matching Contribution under the CRSP.

For purposes of Section 3(36) of ERISA, the Plan shall be treated as two separate plans, one of which will be deemed to provide only benefits (if any) in excess of the limitations of section 415 of the Code.

### SECTION 3 Benefits

#### 3.1. Credits to Memorandum Accounts.

(a) For each Plan Quarter for which Matching Contributions are made to the CRSP, the Committee shall, as soon as practicable after the close of such quarter accrue to the Memorandum Account of each individual who is a Supplemental Plan Participant for all or any part of such period, an amount equal to the excess of (i) the Applicable Matching Percentage of the Supplemental Plan Participant's Compensation for such period (such Compensation to be determined, solely for this purpose, without regard to the limitations described in the last paragraph of Section 2.22 of the CRSP, but taking into account the limitations described in Section 2.22(b) of the CRSP), over (ii) the sum of (A) the amount which is actually allocated to the Supplemental Plan Participant's Matching Contribution Account in the CRSP with respect to such period, plus (B) any additional credit made for the benefit of the Supplemental Plan Participant with respect to such period under Section 4(a)(ii) of the Corporation's nonqualified Deferred Compensation Plan.

(b) (i) As soon as practicable after the end of each Plan Year, the Committee shall also accrue to each Supplemental Plan Participant's Memorandum Account an amount equal to the amount (if any) that would have been contributed for the benefit of the Supplemental Plan Participant by his or her Employer under Section 6.6 of the CRSP for such Plan Year had the limitations of Sections 401(a)(17) and 415 of the Code and the corresponding limitations under the CRSP not applied and had such contributions and allocations under the CRSP been based on Compensation increased (but only if Section 2.1(a) is satisfied) by deferrals (if any) under the Corporation's nonqualified Deferred Compensation Plan, such amount to be reduced by the amount (if any) which is actually contributed and allocated under Section 6.6 of the CRSP to the Supplemental Plan Participant's Matching Contribution Account.

(c) (ii) As soon as practicable after the last business day of each Plan Quarter, the Committee shall also accrue to each Supplemental Plan Participant's Memorandum Account an amount equal to the amount (if any) that would have been contributed to the Supplemental Plan Participant's ESOP Allocation Account by his or her Employer under Sections 7.5 of the CRSP for such Plan Quarter had the limitations of Sections 401(a) (17) and 415 of the Code and the corresponding limitations under the CRSP not applied and had such contributions and allocations under the CRSP been based on Compensation increased (but only if Section 2.1(a) is satisfied) by deferrals (if any) under the Corporation's nonqualified Deferred Compensation Plan, such amount to be reduced by the amount (if any) which is actually contributed and allocated to the Supplemental Plan Participant's ESOP Allocation Account under Section 7.5 of the CRSP.

(d) Amounts accrued hereunder shall be converted to units and treated as if invested in the Cabot Stock Fund under the CRSP, except as provided in Section 3.1(e). With respect to each unit credited to a Supplemental Plan Participant's Memorandum Account (i) for the period prior to a Supplemental Plan Participant's Separation from Service, an amount equivalent to each cash dividend paid with respect to a share in the Cabot Stock Fund will be treated as being paid and reinvested in the Cabot Stock Fund and (ii) from and after the date of a Supplemental Plan Participant's Separation from Service, an amount equivalent to each cash dividend paid with respect to a share in the Cabot Stock Fund will be credited to a cash subaccount of such Participant's Memorandum Account.

(e) From and after the date of a Change in Control, each Memorandum Account shall be treated as if invested (i) in a fixed-income vehicle earning interest at the rate earned by the most currently issued 10-year Treasury Notes on the date of reference or (ii) on such other reasonable basis as the Committee shall determine from time to time; provided, that this paragraph shall operate to change the basis for measuring investment return on Memorandum Accounts upon a Change in Control only if such change would then be consistent with continued exemption of interests hereunder from the definition of "derivative securities" under Rule 16a-1(c) promulgated under the Securities Exchange Act of 1934, as amended (or any successor Rule). The earnings shall be determined and shall accrue as of each Valuation Date until all amounts have been paid to or on behalf of the Supplemental Plan Participant.

### 3.2. Amount, Form and Timing of Benefit Payments.

(a) In General. In the event of a Supplemental Plan Participant's Separation from Service with the Employer for any reason, his or her vested balance under the Plan shall be paid, in the case of a single payment, within 60 days following such Separation or, in the case of annual installment payments, the first installment payment shall be made within 90 days following such Separation from Service, with subsequent payments made in January of each year thereafter. Notwithstanding the above, in the case of a Supplemental Plan Participant who is a Specified Employee, payment shall be made, in the case of a single payment, on the date that is six (6) months following the date of such Separation or, in the case of annual installment payments, the first payment shall be made on the date that is six (6) months following such Separation, with subsequent payments made in January of each year thereafter.

All amounts payable hereunder shall be paid in cash or whole shares of common stock of the Corporation as follows:

(i) If a Supplemental Plan Participant was employed by the Employer on or after January 1, 2002, then payment shall be made in common stock; and

(ii) If a Supplement Plan Participant terminated employment with the Employer prior to January 1, 2002, then such payment shall be made in cash, unless such individual irrevocably elected, at such time and in such manner as prescribed by the Committee, to receive payment in common stock. A Supplemental Plan Participant shall be entitled to make one such election.

Paragraphs (i) and (ii) above, notwithstanding, amounts represented by fractional shares of common stock shall be paid in cash.

For purposes of this paragraph, the vested balance of a Supplemental Plan Participant's benefit under the Plan shall mean:

(i) in the event of a Supplemental Plan Participant's termination of employment with the Employer by reason of Retirement, death or becoming a Disabled Participant, the entire balance of his or her Memorandum Account; and

(ii) in the event of a Supplemental Plan Participant's termination of employment with the Employer other than by reason of Retirement, death or becoming a Disabled Participant, the product of (A) the balance of his or her Memorandum Account determined under Section 3.1, times (B) the percentage representing the vested interest of such Supplemental Plan Participant in his or her CRSP Account as determined under the vesting rules applicable to a Supplemental Plan Participant's Matching Account, Discretionary Contributions Account, and ESOP Allocation Account under the CRSP.

(b) Form-of-Payment Election. A Supplemental Plan Participant may elect to receive his or her benefits payable under the Plan in either a single payment or in annual installments for 3, 5 or 10 years (a "form-of-payment election"). Any person who is or was a Supplemental Plan Participant on December 31, 2008 and who has Section 409A deferrals under the Plan shall deliver a form-of-payment election in writing in a form and manner acceptable to the Committee on or before December 31, 2008. Such form-of-payment election will become irrevocable on December 31, 2008 (subject to Section 3.2(d)) and will be effective with respect to all Section 409A deferrals of the Supplemental Plan Participant. A Supplemental Plan Participant who first becomes eligible to participate in the Plan on or after January 1, 2009 shall make a form-of-payment election in accordance with Section 3.2(c). If a Supplemental Plan Participant does not make any election with respect to the payment of his or her Memorandum Account, then such benefits shall be paid in a single payment as described in Section 3.2(a). If the Supplemental Plan Participant's Memorandum Account is to be distributed

in installments, the amount of each installment shall be calculated so as to result in equal installments over the installment period by (1) dividing the balance of the Supplemental Plan Participant's Memorandum Account on the date of Separation from Service by the closing price of one share of Cabot common stock on the New York Stock Exchange on such date and (2) dividing the amount obtained in (1) by the number of installments to be paid. Any amount(s) credited to a cash subaccount pursuant to Section 3.1(d) shall be paid in cash with the installment payment next following the date such amount is credited to the subaccount. Except as provided below in Section 3.2(f), a Supplemental Plan Participant may have only one form-of-payment election in effect at any time with respect to his or her Memorandum Account and such election shall control the manner in which the entirety of the Account will be paid.

(c) First Year of Participation. Notwithstanding Section 3.2(b) above, an individual who first satisfies the eligibility criteria of the Plan during the course of a calendar year and accordingly accrues a benefit under Section 2.1 for such calendar year may make a form-of-payment election by delivering to the Committee or its designee an election in writing, in a form and manner acceptable to the Committee or its designee, by December 31 of such calendar year, and such election shall govern the payment of any benefits accrued during such calendar year and subsequent years. If a Supplemental Plan Participant does not make any election with respect to the payment of his or her Memorandum Account, then such benefits shall be paid in a single payment as described in Section 3.2(a). This Section 3.2(c) is intended to comply with Treas. Regs. § 1.409A-2(a)(7)(iii) (relating to first year of eligibility in excess benefit plans), and shall be construed accordingly.

(d) Election Changes in General. The Supplemental Plan Participant may change his or her form-of-payment election by submitting a new election to the Committee or its designee, provided, that no election made under this Section 3.2(d) shall take effect until twelve (12) months after it is made. Except as provided in Section 3.2(e) below, if a Supplemental Plan Participant changes a form-of-payment election, payment or commencement of payment of the benefit payable under the new form-of-payment election shall be delayed by five years measured from the date on which the pre-change form of payment would have been made or commenced. For example, (A) under a valid change in payment form from a single payment to installments, the first installment payment shall be made five years after the date the single payment would otherwise have been paid, and (B) under a valid change from an installment form of payment to a single payment, the single payment shall be paid five years after the first installment would have been made. Any change election made in accordance with this Section 3.2(d) shall be binding on the Supplemental Plan Participant when made and may be altered only by a subsequent change election that complies with the requirements of this Section 3.2(d).

(e) Section 409A Transition Period. Notwithstanding the above, a Supplemental Plan Participant may, consistent with the transition rules under Section 409A, change a form-of-payment election without regard to the limitations of Section 3.2(d) above if such election is made in writing in a form and manner acceptable to the Committee or its designee on or before December 31, 2008; provided, however, that

such election will not be effective with respect to a Supplemental Plan Participant who Separates or Separated from Service in the same calendar year in which such election is made.

(f) Grandfathered Deferrals. Notwithstanding the above, (i) a form-of-payment election as described in Section 3.2(b), (ii) a changed form-of-payment election as described in Section 3.2(d) and (iii) a transition election as described in Section 3.2(e) in each case will apply only to the portion of a Supplemental Plan Participant's Memorandum Account that is attributable to Section 409A deferrals as defined in the Preamble of the Plan. A Supplemental Plan Participant may elect a form of payment or change a form-of-payment election with respect to grandfathered deferrals only in accordance with the terms of the Plan as in effect on December 31, 2004 (Appendix A). Accordingly, and notwithstanding anything herein to the contrary, a Supplemental Plan Participant who has both grandfathered and Section 409A deferrals under the Plan may have separate form-of-payment elections in effect at one time with respect to each type of deferral.

(g) Accounts less than \$50,000. Notwithstanding a Participant's election under Section 3.2(b) to receive installment payments, if the present value of the amount to be paid in installments as calculated pursuant to Section 3.2(b) is less than \$50,000 at the time of the Participant's Separation from Service, the Committee shall distribute the vested balance of such Participant's Memorandum Account in a single payment within 60 days following such Separation.

(h) Death of Participant. If a Supplemental Plan Participant dies while still employed by the Employer, or following a Separation from Service but prior to the complete distribution of his or her vested benefit, the vested balance of the Supplemental Plan Participant's account shall be paid to his or her Beneficiary in a lump sum as soon as reasonably practicable, but no later than 60 days, following such Participant's death; provided, however, that the Company shall not be liable to the Participant nor to the estate nor beneficiary of the Participant, by reason of any acceleration of income or additional tax under Section 409A of the Code, or for any other reason in connection with the timely payment of any amount under this Section 3.2(h). The Committee reserves the right to request a certified death certificate or other confirmation of death satisfactory to the Committee at its discretion with respect to a payment to be made to the Participant's Beneficiary, and if so requested by the Committee, the provision of such confirmation of death shall be a precondition to payment to the Participant's Beneficiary.

3.3. Nature of Memorandum Account. The Memorandum Account maintained by the Corporation for a Supplemental Plan Participant shall be a book-entry account only, shall hold no actual shares of the Corporation's stock, and shall represent no interest in or ownership of any such stock. Supplemental Plan Participants shall have no voting rights or any other shareholder rights by reason of participation in this Plan.

3.4. No Payment While Employed. No amounts accrued hereunder on behalf of a Supplemental Plan Participant may be distributed prior to his or her Separation from Service



with the Employer. If a Supplemental Plan Participant who Separated from Service returns to the employ of the Employer, any benefits remaining to be paid to such Supplemental Plan Participant shall continue to be paid pursuant to Section 3.2 as if no such reemployment had occurred.

3.5. Benefits Unfunded. This Plan shall not be construed to create a trust of any kind or a fiduciary relationship between any Employer and a Supplemental Plan Participant. Neither Supplemental Plan Participants nor their beneficiaries, nor any other person, shall have any rights against any Employer or its assets in respect of any benefits hereunder, other than rights as general creditors. Nothing in this Section 3.5, however, shall preclude an Employer from establishing and funding a trust for the purpose of paying benefits hereunder, if such trust's assets are subject to the claims of the Employer's general creditors in the event of bankruptcy or insolvency.

3.6. Designation of Beneficiary. A Supplemental Plan Participant may designate, in writing, one or more beneficiaries under this Supplemental Plan, who may be the same as or different than those named under the CRSP to receive benefits, if any, payable upon the Supplemental Plan Participant's death; provided, that in the case of a Supplemental Plan Participant who is married at time of death, the Supplemental Plan Participant's surviving spouse shall be treated as the sole Beneficiary unless he or she has consented (in accordance with procedures similar to those in the CRSP relating to spousal consent) to the designation of one or more other Beneficiaries. In the absence of any beneficiary so designated, benefits payable following death shall be paid to the Supplemental Plan Participant's surviving spouse, if any; if none, to such person or persons (including the decedent's estate) as are designated to receive any benefits remaining to be paid under the CRSP; or if none of the foregoing, to such person or persons as shall be designated by the Committee.

#### SECTION 4 Certain Forfeitures

4.1. Termination for Cause. Notwithstanding anything to the contrary in this Plan, benefits payable hereunder shall be forfeited by the Supplemental Plan Participant if the Supplemental Plan Participant's Separation from Service was requested by the Employer and the termination was determined by the Committee to be for "cause." For purposes of this Plan, "cause" shall mean any action or failure to act by the Supplemental Plan Participant which the Committee in its sole discretion determines to have constituted negligence or misconduct in the performance of the Supplemental Plan Participant's duty to his or her Employer. Notwithstanding the foregoing provisions of this Section 4.1, in respect of any termination of a Supplemental Plan Participant's employment requested by an Employer within the two-year period immediately following a Change in Control, "cause" shall mean only (i) the willful and continued failure by the Supplemental Plan Participant to substantially perform his or her duties with his or her Employer, after a written demand for substantial performance is delivered to the Supplemental Plan Participant by the Employer which demand specifies the manner in which the Employer believes that the Supplemental Plan Participant has not substantially performed the Supplemental Plan Participant's duties, or (ii) the willful engaging by the Supplemental Plan Participant in conduct which is demonstrably and materially injurious to the Employer, monetarily or otherwise. For purposes of clauses (i) and (ii) of the preceding sentence, no act, or failure to act, on the Supplemental Plan Participant's part shall be deemed "willful" unless done,

or omitted to be done, by the Supplemental Plan Participant not in good faith and without reasonable belief that the Supplemental Plan Participant's act or failure to act was in the best interest of the Employer.

4.2. Other Separations from Service. In the event of a Supplemental Plan Participant's Separation from Service other than by reason of death, Retirement or becoming a Disabled Participant, that portion of his or her Memorandum Account balance that is not payable under Section 3.2(a) shall be promptly forfeited. If such Supplemental Plan Participant is later reemployed by the Employer under circumstances entitling him or her to a restoration of all or a portion of his or her account balance under the CRSP, the Committee shall make an appropriate corresponding restorative adjustment to his or her Memorandum Account hereunder.

## SECTION 5 Administration

5.1. Duties of Committee. This Plan shall be administered by the Committee in accordance with its terms and purposes. The Committee shall determine, in accordance with Section 3 hereunder, the amount and manner of payment of the benefits due to or on behalf of each Supplemental Plan Participant from this Plan and shall cause them to be paid by the Corporation accordingly. The Committee may delegate its powers, duties and responsibilities to one or more individuals (including in the Committee's discretion employees of one or more Affiliated Employers) or one or more committees of such individuals.

5.2. Finality of Decision. The decisions made by and the actions taken by the Committee in the administration of this Plan shall be final and conclusive with respect to all persons, and neither the Committee nor individual members thereof, nor its or their delegates hereunder, shall be subject to individual liability with respect to this Plan.

### 5.3. Benefit Claims; Appeal and Review.

(a) If any person believes that he or she is being denied any rights or benefits under this Plan, such person may file a claim in writing with the Committee or its designee. If any such claim is denied the Committee or its designee will notify such person of its decision in writing. Such notification shall be written in a manner calculated to be understood by such person and will contain (i) specific reasons for denial, (ii) specific reference to pertinent plan provisions, (iii) a description of any additional material or information necessary for such person to perfect such claim and an explanation of why such material or information is necessary, and (iv) information as to the steps to be taken if the person wishes to submit a request for review.

Such notification will be given within 90 days after the claim is received by the Committee or its designee (or within 180 days, if special circumstances require an extension of time for processing the claim, and if written notice of such extension and circumstances is given to such person within the initial 90-day period). If such notification is not given within such period, the claim will be considered denied as of the last day of such period and such person may request a review of his or her claim by the Committee.

(b) Within 60 days after the date on which a person receives a written notice of a denied claim (or, if applicable, within 60 days after the date on which such denial is considered to have occurred) such person (or his or her duly authorized representative) may (i) file a written request with the Committee for a review of his or her denied claim and of pertinent documents and (ii) submit written issues and comments to the Committee. The Committee will notify such person of its decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain specific reasons for the decision as well as specific references to pertinent Plan provisions. The decision on review will be made within 60 days after the request for review is received by the Committee (or within 120 days, if special circumstances require an extension of time for processing the request, such as an election by the Committee to hold a hearing, and if written notice of such extension and circumstances is given to such person within the initial 60-day period). If the decision on review is not made within such period, the claim will be considered denied.

## SECTION 6 Amendment and Termination

6.1. Amendment and Termination. While the Corporation intends to maintain this Plan in conjunction with the CRSP for as long as it deems necessary, the Board of Directors reserves the right to amend and/or terminate it at any time for whatever reasons it may deem appropriate; provided, that no such amendment shall reduce the balance of any Supplemental Plan Participant's Memorandum Account as of the Valuation Date next preceding the date of such amendment unless the Supplemental Plan Participant consents to such reduction.

Notwithstanding any other provision hereunder, during the two-year period immediately following a Change in Control, this Plan may not be terminated, altered or amended in a way that would decrease future accrual of, eligibility for, or entitlement to, benefits hereunder. This Section 6.1 may not be altered or amended during that same two-year period in any way except with the prior written consent of all of the then Supplemental Plan Participants.

Upon termination of the Plan, payments hereunder shall be accelerated only to the extent permitted by Section 409A.

## SECTION 7 Miscellaneous

7.1. No Employment Rights. Nothing contained in this Plan shall be construed as a contract of employment between any Affiliated Employer and a Supplemental Plan Participant, or as giving any Supplemental Plan Participant the right to be continued in the employment of an Affiliated Employer, or as a limitation of the right of an Affiliated Employer to discharge any Supplemental Plan Participant, with or without cause.

7.2. Assignment. Subject to the provisions of this Plan relating to payment of benefits upon the death of a Supplemental Plan Participant, the benefits payable under this Plan may not be assigned, alienated, transferred, pledged, or encumbered.

7.3. Withholding, Etc. Benefits payable under this Plan shall be subject to all applicable federal, state or other tax withholding requirements. To the extent any amount

credited hereunder to a Supplemental Plan Participant's account is treated as "wages" for FICA/Medicare or FUTA tax purposes on a current basis (or when vested), rather than when distributed, all as determined by the Committee, then the Committee shall require that the Supplemental Plan Participant either (i) timely pay such taxes in cash by separate check to his or her Affiliated Employer, or (ii) make other arrangements satisfactory to such Employer (e.g., additional withholding from other wage payments) for the payment of such taxes. To the extent a Supplemental Plan Participant fails to pay or provide for such taxes as required, the Committee may suspend the Supplemental Plan Participant's participation in the Plan or reduce amounts credited or to be credited hereunder.

7.4. Distribution of Taxable Amounts. Anything in the Plan to the contrary notwithstanding, in the event an amount deferred under the Plan gives rise to an income inclusion under Section 409A, or state, local or foreign tax obligations, or the income tax at source on wages imposed under Section 3401 prior to the time otherwise payable hereunder, an amount equal to the aggregate amount of such income inclusion (in the case of a Section 409A income inclusion) or the aggregate amount of such taxes shall be paid from the affected Supplemental Plan Participant's Memorandum Account to such Supplemental Plan Participant or Beneficiary, in each case to the extent permitted by Section 409A. Any amount to the credit of a Supplemental Plan Participant's Account shall be determined to be includible in income under Section 409A upon the earlier of:

(a) determination by the Internal Revenue Service addressed to the Supplemental Plan Participant or Beneficiary which is not appealed; or

(b) a final determination by the United States Tax Court or any other Federal Court affirming any such determination by the Internal Revenue Service that amounts credited to a Supplemental Plan Participant's Account are includible in income under Section 409A.

7.5. No Guarantee of Benefits. Nothing contained in the Plan shall constitute a guarantee by the Corporation, Affiliated Employer, the Committee, or any other person or entity that the assets of the Corporation or Affiliated Employers will be sufficient to pay any benefits hereunder. No Supplemental Plan Participant shall have any right to receive a benefit payment under the Plan except in accordance with the terms of the Plan.

The Corporation, Affiliated Employers, and Committee do not in any way guarantee any Supplemental Plan Participant's Memorandum Account against loss or depreciation, whether caused by poor performance of an earnings measure or by any other event or occurrence. In no event shall the employees, officers, directors, or stockholders of the Corporation or Affiliated Employers be liable to any individual or entity on account of any claim arising by reason of the Plan provisions or any instrument or instruments implementing its provisions, or for the failure of any Supplemental Plan Participant, Beneficiary or other individual or entity to be entitled to any particular tax consequences with respect to the Plan or any credit or payment hereunder.

7.6. Incapacity of Recipient. If any person entitled to a benefit payment under the Plan is deemed by the Committee to be incapable of personally receiving and giving a valid receipt for such payment, then, unless and until claim therefor shall have been made by a duly

appointed guardian or other legal representative of such person, the Committee may provide for such payment or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person.

Any such payment shall be a payment for the account of such person and a complete discharge of any liability of the Corporation and Affiliated Employers and the Plan therefor.

7.7. Limitations on Liability. Notwithstanding any of the preceding provisions of the Plan, neither the Corporation nor Affiliated Employers, nor any individual acting as employee or agent of the foregoing, nor the Committee shall be liable to any Supplemental Plan Participant or other person for any claim, loss, liability or expense incurred in connection with the Plan. Neither the Corporation nor any of its officers or directors, nor any other person charged with administrative responsibilities under the Plan, shall be liable to any employee or former employee of the Corporation, or to any spouse or other beneficiary of any such employee or former employee, by reason of the failure of any benefit hereunder to comply with the requirements of Section 409A.

7.8. Provisions to Facilitate Plan Operations. If it is impossible or difficult to ascertain the person to receive any benefit under the Plan, the Committee may, in its discretion and subject to applicable law, direct payment to the person it deems appropriate consistent with the Plan's purposes; or retain such amounts in the Plan for payment to a court pending judicial determination of the rights thereto. Any payment under this Section 7.8 shall be a complete discharge of any liability for the making of such payment under the provisions of the Plan.

7.9. Correction of Payment Mistakes. Any mistake in the payment of a Supplemental Plan Participant's benefits under the Plan may be corrected by the Committee when the mistake is discovered. The mistake may be corrected in any reasonable manner authorized by the Committee (e.g., adjustment in the amount of future benefit payments, repayment to the Plan of an overpayment, or catch-up payment to a Supplemental Plan Participant for an underpayment). In appropriate circumstances (e.g., where a mistake is not timely discovered), the Committee may waive the making of any correction. A Supplemental Plan Participant or Beneficiary receiving an overpayment by mistake shall repay the overpayment if requested to do so by the Committee.

7.10. Schedules. The Committee may by Schedule modify the benefits available hereunder to one or more specified individuals. The provisions of each such Schedule shall, with respect to the individual or individuals thereby affected, be deemed a part of the Plan and shall be incorporated herein.

7.11. Law Applicable. This Plan shall be construed in accordance with the laws of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, this instrument is executed this 31st day of December, 2008.

CABOT CORPORATION

By: /s/ Robby D. Sisco  
Vice President-Human Resources

[copy of December 31, 2004 Plan document]

CABOT CORPORATION

SUPPLEMENTAL RETIREMENT SAVINGS PLAN

PREAMBLE

Cabot Corporation (the "Corporation") initially adopted the Cabot Corporation Supplemental Retirement Incentive Savings Plan, a nonqualified supplemental plan, pursuant to a vote of the Board of Directors of the Corporation on February 10, 1984. The Supplemental Retirement Incentive Savings Plan incorporated a supplemental profit-sharing plan previously authorized by the Board of Directors on September 10, 1976. The Supplemental Retirement Incentive Savings Plan was amended and restated effective September 9, 1988, and subsequently amended from time to time. The Corporation adopted the Cabot Corporation Supplemental Employee Stock Ownership Plan pursuant to a vote of the Board of Directors, effective September 9, 1988, and subsequently amended from time to time.

Effective December 31, 2000, the CRISP was merged with and into the ESOP, and the combined amended and restated plan was renamed the Cabot Retirement Savings Plan (the "CRSP"). Similarly, effective December 31, 2000, the Supplemental Retirement Incentive Savings Plan was merged with and into the Supplemental ESOP. The combined amended and restated plan, as set forth herein and renamed the Cabot Supplemental Retirement Savings Plan (the "Plan"), shall be effective from and after December 31, 2000. The purpose of the Plan is to provide benefits to a designated group of managers who are highly compensated employees of the Corporation or its subsidiaries, supplemental to benefits provided under the CRSP.

Except as otherwise specifically provided herein, the rights and benefits, if any, of an individual who was a participant in the Plan (including any component predecessor plan) and who ceased to be a participant on or prior to December 31, 2000, will be determined in accordance with the provisions of the Plan as in effect on the date he or she ceased to be a participant.

## SECTION 1

### Definitions

When used herein,, the words and phrases defined shall have the following meanings unless a different meaning is clearly required by the context. Terms used herein which are defined in Article 1 of the CRSP shall have the meanings assigned to them in the CRSP unless a different meaning is set forth below.

1.1. "Applicable Matching Percentage" means (i) for any period for which Basic Matching Contributions but no Discretionary Matching Contributions are made under the CRSP, five and five-eighths (5.625%) percent; and (ii) for any period for which Discretionary Matching Contributions are made under the CRSP, 5.625% *plus* the maximum rate (expressed as a percentage of Compensation) at which Discretionary Matching Contributions are made for such period with respect to any participant in the CRSP.

1.2. "Beneficiary," means the individual(s) or entity(ies) entitled under Section 3.6 below to receive any benefits hereunder upon the death of a Supplemental Plan Participant.

1.3. "Committee" means the Benefits Committee as defined in the CRSP.

1.4. "Memorandum account" means the account established by the Corporation on behalf of each Supplemental Plan Participant, to which amounts described in Sections 3.1 shall be credited. The Committee shall establish such subaccounts as may be necessary or desirable to implement the terms of this Plan. A Supplemental Plan Participant's Memorandum Account shall include amounts accrued under the Cabot Corporation Supplemental Retirement Incentive Savings Plan and Cabot Corporation Supplemental Employee Stock Ownership Plan as of December 31, 2000, the effective date of the amendment and restatement of this Plan.

1.5. "Retirement" means termination of employment with the Corporation and other Affiliated Employers following attainment by the Supplemental Plan Participant of his or her Early Retirement Age or Normal Retirement Age. An individual whose employment has terminated by reason of Retirement shall be treated as having "Retired."

1.6. "Supplemental Plan Participant" has the meaning provided in Section 2 below.



## SECTION 2

### Participation

2.1. Participation. Any person who was a participant in the Cabot Corporation Supplemental Retirement Incentive Savings Plan or Cabot Corporation Supplemental Employee Stock Ownership Plan on December 31, 2000, will continue to participate in this Plan in accordance with its terms after such date. Each other individual who is a participant in the CRSP shall be eligible to participate in and accrue benefits under this Plan for any calendar year if such individual satisfies either (i) or (ii) below, and, with respect to accruals described in Section 3.1(a), also satisfies (iii) below.

(a) This Section 2.1(a) is satisfied if such individual's base salary for any such year (as determined by the Committee), before reduction for deferrals, if any, under the CRSP, the Corporation's nonqualified Deferred Compensation Plan, or any salary deferral under Sections 125 and 132 of the Code, equals or exceeds the dollar limitation applicable to such year under Section 401(a)(17) of the Code.

(b) This Section 2.1(b) is satisfied if such individual's Compensation for such year, reduced for deferrals, if any, under the Corporation's nonqualified Deferred Compensation Plan equals or exceeds the dollar limitation applicable to such year under Section 401(a)(17) of the Code.

(c) This Section 2.1(c) is satisfied if, for such year (or for such portion of the year during which he or she satisfies the requirements of (a) or (b) above) such individual has elected to participate in pre-tax deferrals and/or after-tax contributions under CRSP to the maximum extent required and permissible thereunder (taking into account any limitations imposed under the CRSP to comply with the qualification requirements of the Code) to obtain the maximum possible Matching Contribution under CRSP.

For purposes of Section 3(36) of ERISA, the Plan shall be treated as two separate plans, one of which will be deemed to provide only benefits (if any) in excess of the limitations of section 415 of the Code.

## SECTION 3

### Benefits

#### 3.1. Credits to Memorandum Accounts.

(a) For each Plan Quarter for which Matching Contributions are made to the CRSP, the Committee shall, as soon as practicable after the close of such quarter accrue to the Memorandum Account of each individual who is a Supplemental Plan Participant for all or any part of such period, an amount equal to the excess of (i) the Applicable Matching Percentage of the Supplemental Plan Participant's Compensation for such period (such Compensation to be determined, solely for this purpose, without regard to the limitations described in the last paragraph of Section 2.21 of the CRSP, but taking into account the limitations described in Section 2.21(b) of the CRSP), over (ii) the sum of (A) the amount which is actually allocated to the Supplemental Plan Participant's Matching Contribution Account in the CRSP with respect to such period, plus (B) any additional credit made for the benefit of the Supplemental Plan Participant with respect to such period under Section 4(a) (ii) of the Corporation's nonqualified Deferred Compensation Plan.

(b)(i) As soon as practicable after the end of each Plan Year, the Committee shall also accrue to each Supplemental Plan Participant's Memorandum Account an amount equal to the amount (if any) that would have been contributed for the benefit of the Supplemental Plan Participant by his or her Affiliated Employer under Sections 6.5 of the CRSP for such Plan Year had the limitations of Sections 401(a) (17) and 415 of the Code and the corresponding limitations under the CRSP not applied and had such contributions and allocations under the CRSP been based on Compensation increased (but only if Section 2.1(a) is satisfied) by deferrals (if any) under the Corporation's nonqualified Deferred Compensation Plan, such amount to be reduced by the amount (if any) which is actually contributed and allocated under Section 6.5 of the CRSP to the Supplemental Plan Participant's Company Contribution Account.

(b)(ii) As soon as practicable after the last business day of each Plan Quarter, the Committee shall also accrue to each Supplemental Plan Participant's Memorandum Account an amount equal to the amount (if any) that would have been contributed to the Supplemental Plan Participant's ESOP Allocation Account by his or her Affiliated Employer under Sections 7.5 of the CRSP for such Plan Quarter had the limitations of Sections 401(a) (17) and 415 of the Code and the corresponding limitations under the CRSP not applied and had such contributions and allocations under the CRSP been based on Compensation increased (but only if Section 2.1(a) is satisfied) by deferrals (if any) under the Corporation's nonqualified Deferred Compensation Plan, such amount to be reduced by the amount (if any) which is actually contributed and allocated to the Supplemental Plan Participant's ESOP Allocation Account under Section 7.5 of the CRSP.

(c) Amounts accrued hereunder shall be converted to units and treated as if invested in the Cabot Stock Fund under the CRSP, except as provided in Sections 3.1(d) and 3.1(e) hereof.

(d) From and after the date of a Change in Control, each memorandum account shall be treated as if invested (i) in a fixed-income vehicle earning interest at the rate earned by the most currently issued 10-year Treasury Notes on the date of reference or (ii) on such other reasonable basis as the Committee shall determine from time to time; *provided*, that this paragraph shall operate to change the basis for measuring investment return on Memorandum Accounts upon a Change in Control only if such change would then be consistent with continued exemption of interests hereunder from the definition of "derivative securities" under Rule 16a-1(c) promulgated under the Securities Exchange Act of 1934, as amended (or any successor Rule). The earnings shall be determined and shall accrue as of each Valuation Date until all amounts have been paid to or on behalf of the Supplemental Plan Participant.

(e) Beginning as of the Valuation Date next following the earliest of the Supplemental Plan Participant's becoming a Disabled Participant, Retirement, other

termination of employment, or death while employed by an Affiliated Employer, the Supplemental Plan. Participant's account shall be treated as if invested (i) in a fixed- income vehicle earning interest at the rate earned by the most currently issued 10-year U.S. Treasury Notes on the date of reference, or (ii) on such other reasonable basis as the Committee shall determine from time to time. The earnings shall be determined and shall accrue as of each Valuation Date until all amounts have been paid to or on behalf of the Supplemental Plan Participant.

3.2. Amount Form and Timing of Benefit Payments. This Section 3.2 applies to Supplemental Plan Participants whose Annuity Starting Dates are on or after January 1, 2002. Distributions with respect to Supplemental Plan Participants whose Annuity Starting Dates are prior to January 1, 2002, shall be governed by the provisions of Appendix A.

(a) In the event of a Supplemental Plan Participant's termination of employment with the Affiliated Employers for any reason, his or her vested balance under the Plan shall be paid, or shall commence to be paid, as soon as practicable on or after the Participant's termination date. For purposes of this paragraph, the vested balance of a Supplemental Plan Participant shall mean:

(i) in the event of a Supplemental Plan Participant's termination of employment with the Affiliated Employers by reason of Retirement or becoming a Disabled Participant, the entire balance of his or her memorandum Account; and

(ii) in the event of a Supplemental Plan Participant's termination of employment with the Affiliated Employers other than by reason of Retirement or becoming a Disabled Participant or death, the product of (A) the balance of his or her Memorandum Account determined under Section 3.1, times (B) the percentage representing the vested interest of such Supplemental Plan Participant in his or her CRSP Account as determined under the vesting rules applicable to a Supplemental Plan Participant's Matching Contribution Account, Company Contributions Account, and ESOP Allocation Account under the CRSP.

(b) (i) A Supplemental Plan Participant shall elect, at such time and in such manner as prescribed by the Committee, to receive his or her benefits payable under the Plan in either a lump sum payment, or in installments for 5,10 or 15 years. The Supplemental Plan Participant may change his or her election to any alternative form of payment then available by submitting a new election to the Committee, *provided*, that any such election is submitted at least 13 months prior to the Participant's Annuity Starting Date and is accepted by the Committee in its sole discretion. The election form most recently accepted by the Committee shall govern the payment of the Supplemental Plan Participant's Memorandum Account. If a Supplemental Plan Participant does not make any election with respect to the payment of his or her Memorandum Account, then (A) if such individual terminated employment with the Affiliated Employers prior to January 1, 2002, such benefits shall be paid in 120 monthly installments, and (B) if such individual terminates employment with the Affiliated employers on or after January 1, 2002, such benefits shall be paid in a lump sum. If the Supplemental Plan Participant's Memorandum Account is to be distributed in installments, the amount of each installment shall be calculated by dividing the unpaid balance, valued as of the preceding Valuation Date, by the number of installments remaining to be paid.

(ii) Section 3.2(b)(i) notwithstanding, (A) if the balance of the Supplemental Plan Participant's Memorandum Account determined as soon as practicable following his or her termination of employment with the Affiliated Employers totals less than \$50,000, the Committee shall distribute the vested balance of such Memorandum Account in a lump sum as soon as practicable following such termination, notwithstanding the Supplemental Plan Participant's election under the Plan, and (B) if the balance of the Supplemental Plan Participant's Memorandum Account on his or her Annuity Starting Date totals \$50,000 or more, the Committee may, in its discretion, accelerate payment of all or any portion of the Memorandum Account if it determines such acceleration to be in the interests of the Corporation.

(c) In the event of a Supplemental Plan Participant's termination of employment with the Affiliated Employers by reason of death, the balance of his or her memorandum account determined under Section 3.1 shall be paid in a single sum to the Supplemental Plan Participant's Beneficiary as soon as practicable after the receipt by the Supplemental Plan Participant's Affiliated Employer of notice of the Supplemental Plan Participant's death.

(d) If a Supplemental Plan Participant dies prior to the complete distribution of his or her vested benefit, the remaining installments shall be paid to his or her Beneficiary; *provided*, that upon application by such Beneficiary showing financial hardship or other adequate cause as determined by the Committee in its sole discretion, the Committee may cause the remaining balance in the decedent's memorandum account to be paid in a lump sum to the Beneficiary in complete satisfaction of any remaining benefit obligation to such Beneficiary hereunder.

(e) All amounts payable hereunder shall be paid in cash or in whole shares of common Stock of Cabot Corporation as follows:

(i) If a Supplemental Plan Participant is employed by the Corporation or an Affiliated Employer on January 1, 2002, then payment shall be made in common Stock.

(ii) If a Supplemental Plan Participant is not employed by the Corporation or an Affiliated Employer on January 1, 2002, and such individual's Annuity Starting Date is on or after January 1, 2002, then such payment shall be made in cash, unless such individual irrevocably elects, at such time and in such manner as prescribed by the Committee, to receive payment in common Stock. A Supplemental Plan Participant shall be entitled to make only one such election. Sections 3.2(e)(i) and (e)(2) above notwithstanding, amounts represented by fractional shares of common Stock shall be paid in cash,

3.3. Nature of Account. The Memorandum Account maintained by the Corporation for a Supplemental Plan Participant shall be book-entry account only, shall hold no actual shares of the Corporation's stock, and shall represent no interest in or ownership of any such stock.

Supplemental Plan Participants shall have no voting rights or any other shareholder rights by reason of participation in this Plan. No Participant, his Beneficiary or Beneficiaries, or any other person shall have, under any circumstances, any interest whatever in any particular property or assets of the Company by virtue of this Plan, and the rights of the Participant, his Beneficiary or Beneficiaries under this Plan shall be no greater than the rights of a general unsecured creditor of the Company.

3.4. No Payment While Employed. No amounts accrued hereunder on behalf of a Supplemental Plan Participant may be distributed prior to his or her termination of employment with the Affiliated Employers or death, as the case may be. If a Supplemental Plan Participant whose employment has terminated returns to the employ of an Affiliated Employer, any benefits remaining to be paid to such Supplemental Plan Participant shall be suspended during the period of reemployment. Upon his or her subsequent termination of employment, the Supplemental Plan Participant's memorandum account shall be payable in accordance with the rules set forth in Section 3.2 above.

3.5. Benefits Unfunded. This Plan shall not be construed to create a trust of any kind or a fiduciary relationship between any Affiliated Employer and a Supplemental Plan Participant. Neither Supplemental Plan Participants nor their beneficiaries, nor any other person, shall have any rights against any Affiliated Employer or its assets in respect of any benefits hereunder, other than rights as general creditors. Nothing in this Section 3.5, however, shall preclude an Affiliated Employer from establishing and funding a trust for the purpose of paying benefits hereunder, if such trust's assets are subject to the claims of the Affiliated Employer's general creditors in the event of bankruptcy or insolvency.

3.6. Designation of Beneficiary. A Supplemental Plan Participant may designate, in writing, one or more beneficiaries under this Supplemental Plan, who may be the same as or different than those named under the CRSP to receive benefits, if any, payable upon the Supplemental Plan Participant's death; *provided*, that in the case of a Supplemental Plan Participant who is married at time of death, the Supplemental Plan Participant's surviving spouse shall be treated as the sole Beneficiary unless he or she has consented (in accordance with

procedures similar to those in the CRSP relating to spousal consent) to the designation of one or more other Beneficiaries. In the absence of any beneficiary so designated, benefits payable following death shall be paid to the Supplemental Plan Participant's surviving spouse, if any; if none, to such person or persons (including the decedent's estate) as are designated to receive any benefits remaining to be paid under the CRSP; or if none of the foregoing, to such person or persons as shall be designated by the Committee.



## SECTION 4

### Certain Forfeitures

4.1. Termination for Cause. Notwithstanding anything to the contrary in this Plan, benefits payable hereunder shall be forfeited by the Supplemental Plan Participant if the Supplemental Plan Participant's termination of employment was requested by an Affiliated Employer and the termination was determined by the Committee to be for "cause." For purposes of this Plan, "cause" shall mean any action or failure to act by the Supplemental Plan Participant which the Committee in its sole discretion determines to have constituted negligence or misconduct in the performance of the Supplemental Plan Participant's duty to his or her Affiliated Employer. Notwithstanding the foregoing provisions of this Section 4.1, in respect of any termination of a Supplemental Plan Participant's employment requested by an Affiliated Employer within the three-year period immediately following a Change in Control, "cause" shall mean only (i) the willful and continued failure by the Supplemental Plan Participant to substantially perform his or her duties with his or her Affiliated Employer, after a written demand for substantial performance is delivered to the Supplemental Plan Participant by the Affiliated Employer which demand specifies the manner in which the Affiliated Employer believes that the Supplemental Plan Participant has not substantially performed the Supplemental Plan Participant's duties, or (ii) the willful engaging by the Supplemental Plan Participant in conduct which is demonstrably and materially injurious to the Affiliated Employer, monetarily or otherwise. For purposes of clauses (i) and (ii) of the preceding sentence, no act, or failure to act, on the Supplemental Plan Participant's part shall be deemed "willful" unless done, or omitted to be done, by the Supplemental Plan Participant not in good faith and without reasonable belief that the Supplemental Plan Participant's act or failure to act was in the best interest of the Affiliated Employer.

4.2. Other Terminations of Employment. In the event of a Supplemental Plan Participant's termination of employment other than by reason of death, Retirement or Total and Permanent Disability, that portion of his or her Memorandum Account balance that is not payable under Section 3.2(a) shall be promptly forfeited. If such Supplemental Plan Participant is

later reemployed by an Affiliated Employer under circumstances entitling him or her to a restoration of all or a portion of his or her account balance under the CRSP, the Committee shall make an appropriate corresponding restorative adjustment to his or her memorandum account hereunder.

## SECTION 5

### Administration

5.1. Duties of Committee. This Plan shall be administered by the Committee in accordance with its terms and purposes. The Committee shall determine, in accordance with Section 3 hereunder, the amount and manner of payment of the benefits due to or on behalf of each Supplemental Plan Participant from this Plan and shall cause them to be paid by the Corporation accordingly. The Committee may delegate its powers, duties and responsibilities to one or more individuals (including in the Committee's discretion employees of one or more Affiliated Employers) or one or more committees of such individuals.

5.2. Finality of Decision. The decisions made by and the actions taken by the Committee in the administration of this Plan shall be final and conclusive with respect to all persons, and neither the Committee nor individual members thereof, nor its or their delegates hereunder, shall be subject to individual liability with respect to this Plan.

### 5.3. Benefit Claims: Appeal and Review.

(a) If any person believes that he or she is being denied any rights or benefits under this Plan, such person may file a claim in writing with the Committee or its designee. If any such claim is denied the Committee or its designee will notify such person of its decision in writing. Such notification shall be written in a manner calculated to be understood by such person and will contain (i) specific reasons for denial, (ii) specific reference to pertinent plan provisions, (iii) a description of any additional material or information necessary for such person to perfect such claim and an explanation of why such material or information is necessary, and (iv) information as to the steps to be taken if the person wishes to submit a request for review. Such notification of will be given within 90 days after the claim is received by the Committee or its designee (or within 180 days, if special circumstances require an extension of time for processing the claim, and if written notice of such extension and circumstances is given to such person within the initial 90-day period). If such notification is not given within such, period, the claim will be considered denied as of the last day of such period and such person may request a review of his or her claim by the Committee.

(b) Within 60 days after the date on which a person receives a written notice of a denied claim (or, if applicable, within 60 days after the date on which such denial is considered to have occurred) such person (or his or her duly authorized representative) may (i) file a written request with the Committee for a review of his or her denied claim and of pertinent documents and (ii) submit written issues and comments to the Committee. The Committee will notify such person of its decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain specific reasons for the decision as well as specific references to pertinent Plan provisions. The decision on review will be made within 60 days after- the request for review is received by the Committee (or within 120 days, if special circumstances require an extension of time for processing the request, such as an election by the Committee to hold a hearing, and if written notice of such extension and circumstances is given to such person within the initial 60-day period). If the decision on review is not made within such period, the claim will be considered denied.

SECTION 6

Amendment and Termination

6.1. Amendment and Termination. While the Corporation intends to maintain this Plan in conjunction with the CRSP for as long as it deems necessary, the Board of Directors reserves the right to amend and/or terminate it at anytime for whatever reasons it may deem appropriate; *provided*, that no such amendment shall reduce the balance of any Supplemental Plan Participant's Memorandum Account as of the Valuation Date next preceding the date of such amendment unless the Participant consents to such reduction.

Amendments affecting the accrual of benefits hereunder in respect of Supplemental Plan Participants who are subject to the short-swing profit provisions of Section 16 of the Securities Exchange Act of 1934, as amended, may be made no more frequently than once every six (6) months. Notwithstanding any other provision hereunder, during the three-year period immediately following a Change in Control, this Plan may not be terminated, altered or amended in a way that would decrease future accrual of, eligibility for, or entitlement to, benefits hereunder. This Section 6.1 may not be altered or amended during that same three-year period in any way except with the prior written consent of all of the then Supplemental Plan Participants.

SECTION 7

Miscellaneous

7.1. No Employment Rights. Nothing contained in this Plan shall be construed as a contract of employment between any Affiliated Employer and a Supplemental Plan Participant, or as giving any Supplemental Plan Participant the right to be continued in the employment of an Affiliated Employer, or as a limitation of the right of an Affiliated Employer to discharge any Supplemental Plan Participant, with or without cause.

7.2. Assignment. Subject to the provisions of this Plan relating to payment of benefits upon the death of a Supplemental Plan Participant, the benefits payable under this Plan may not be assigned, alienated, transferred, pledged, or encumbered.

7.3. Withholding, Etc. Benefits payable under this Plan shall be subject to all applicable federal, state or other tax withholding requirements. To the extent any amount credited hereunder to a Supplemental Plan Participant's account is treated as "wages" for FICA/Medicare or FUTA tax purposes on a current basis (or when vested), rather than when distributed, all as determined by the Committee, then the Committee shall require that the Supplemental Plan Participant either (i) timely pay such taxes in cash by separate check to his or her Affiliated Employer, or (ii) make other arrangements satisfactory to such Employer (e.g., additional withholding from other wage payments) for the payment of such taxes. To the extent a Supplemental Plan Participant fails to pay or provide for such taxes as required, the Committee may suspend the Supplemental Plan Participant's participation in the Plan or reduce amounts credited or to be credited hereunder.

7.4. Distribution of Taxable Amounts. Anything in the Plan to the contrary notwithstanding, in the event any Supplemental Plan Participant or Beneficiary is determined to be subject to federal income tax on any amount credited to the Participant's Memorandum Account prior to the time payment is otherwise due hereunder, the entire amount determined to be so taxable shall be paid from the Participant's Memorandum Account to such Participant or Beneficiary. Any amount to the credit of a Participant's Account shall be determined to be subject to federal income tax upon the earlier of:

(a) determination by the Internal Revenue Service addressed to the Participant or Beneficiary which is not appealed; or

(b) a final determination by the United States Tax Court or any other Federal Court affirming any such determination by the Internal Revenue Service that amounts credited to a Participant's Account are subject to federal income tax.

7.5. No Guarantee of Benefits. Nothing contained in the Plan shall constitute a guarantee by the Corporation, Affiliated Employer, the Committee, or any other person or entity that the assets of the Corporation of Affiliated Employers will be sufficient to pay any benefits hereunder. No Supplemental Plan Participant shall have any right to receive a benefit payment under the Plan except in accordance with the terms of the Plan.

The Corporation, Affiliated Employers, and Committee do not in any way guarantee any Supplemental Plan Participant's Memorandum Account against loss or depreciation, whether caused by poor performance of an earnings measure or by any other event or occurrence. In no event shall the employees, officers, directors, or stockholders of the Corporation of Affiliated Employers be liable to any individual or entity on account of any claim arising by reason of the Plan provisions or any instrument or instruments implementing its provisions, or for the failure of any Participant, Beneficiary or other individual or entity to be entitled to any particular tax consequences with respect to the Plan or any credit or payment hereunder.

7.6. Incapacity of Recipient. If any person entitled to a benefit payment under the Plan is deemed by the Administrator to be incapable of personally receiving and giving a valid receipt for such payment, then, unless and until claim therefor shall have been made by a duly appointed guardian or other legal representative of such person, the Committee may provide for such payment or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person. Any such payment shall be a payment for the account of such person and a complete discharge of any liability of the Corporation and Affiliated Employers and the Plan therefor.

7.7. Limitations on Liability. Notwithstanding any of the preceding provisions of the Plan, neither the Corporation nor Affiliated Employers, nor any individual acting as employee or agent of the foregoing, nor the Committee shall be liable to any Supplemental Plan Participant or other person for any claim, loss, liability or expense incurred in connection with the Plan.

7.8. Provisions to Facilitate Plan Operations. If it is impossible or difficult to ascertain the person to receive any benefit under the Plan, the Committee may, in its discretion and subject to applicable law, direct payment to the person it deems appropriate consistent with the Plan's purposes; or retain such amounts in the Plan for payment to a court pending judicial termination of the rights thereto. Any payment under this Section 7.8 shall be a complete discharge of any liability for the making of such payment under the provisions of the Plan.

7.9. Correction of Payment Mistakes. Any mistake in the payment of a Supplemental Plan Participant's benefits under the Plan may be corrected by the Committee when the mistake is discovered. The mistake may be corrected in any reasonable manner authorized by the Committee (e.g., adjustment in the amount of future benefit payments, repayment to the Plan of an overpayment, or catch-up payment to a Participant for an underpayment). In appropriate circumstances (e.g., where a mistake is not timely discovered), the Committee may waive the making of any correction. A Supplemental Plan Participant or Beneficiary receiving an overpayment by mistake shall repay the overpayment if requested to do so by the Committee.

7.10. Schedules. The Committee may by Schedule modify the benefits available hereunder to one or more specified individuals. The provisions of each such Schedule shall, with respect to the individual or individuals thereby affected, be deemed a part of the Plan and shall be incorporated herein.

7.11. Law Applicable. This Plan shall be construed in accordance with the laws of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, this instrument is executed this 11th day of December, 2002.



By: Ray P. Siro

This Appendix applies to Supplemental Plan Participants whose Annuity Starting Dates are prior to January 1, 2002. Distributions with respect to Supplemental Plan Participants whose Annuity Starting Dates are on or after January 1, 2002, shall be governed by Section 3.2 of the Plan.

Section 1. Amount, Form and Timing of Benefit Payments.

(a) In the event of a Supplemental Plan Participant's termination of employment with the Affiliated Employers (other than by reason of Retirement, or becoming a Disabled Participant, or death), his or her vested balance under the Plan shall commence to be paid as soon as practicable on or after the Participant's Annuity Starting Date in the form of 120 monthly installments, each installment calculated by dividing the unpaid vested balance, valued as of the preceding Valuation Date, by the number of installments remaining to be paid; *provided, however*, that, the Committee in its discretion may accelerate payment of all or any portion of the account if it determines such acceleration to be in the interests of the Corporation. For purposes of this paragraph, the vested balance of a Supplemental Plan Participant shall be the product of (A) the balance of his or her Memorandum Account determined under Section 3.1 of the Plan, times (B) the percentage representing the vested interest of such Supplemental Plan Participant in his or her CRSP Account as determined under the vesting rules applicable to a Supplemental Plan Participant's Matching Contribution Account, Company Contributions Account, and ESOP Allocation Account under the CRSP.

(b) In the event of a Supplemental Plan Participant becomes a Disabled Participant or Retires, the balance of his or her Memorandum Account determined under Section 3.1 of the Plan shall be distributed at the same time and in the same, manner as the Supplemental Plan Participant's benefits under the CRSP, subject to the following special rules:

(i) If the balance of the Supplemental Plan Participant's Memorandum Account at Retirement or termination of employment totals less than \$50,000, the Committee may distribute the accounts in a lump sum (or on some other accelerated basis) notwithstanding the Supplemental Plan Participant's election under the CRSP.

(ii) If the Supplemental Plan Participant elects a distribution of a single-life or joint and survivor annuity under Section 9.3(a) (iv) of the CRISP (as such Section appeared prior to the 2000 Restatement of the CRISP), the Committee's discretion as described above to distribute the Memorandum Accounts hereunder on an accelerated basis shall apply regardless of the size of the balance of the Supplemental Plan Participant's Memorandum Account hereunder.

(iii) If the Supplemental Plan Participant elects a lump sum payment of his or her CRSP benefit, that election shall be effective with respect to his or her Plan benefit hereunder only with the approval of the Committee. If the Committee does not approve a lump sum payment election, the Supplemental Plan Participant's Memorandum Account hereunder shall be distributed in 120 monthly installments as described at Section (1)(a) above or on such accelerated basis as the Committee may determine.

(iv) If the Supplemental Plan Participant's Memorandum Account is to be distributed in installments, the amount of each installment shall be calculated by dividing the unpaid balance, valued as of the preceding Valuation Date, by the number of installments remaining to be paid. Any distribution hereunder that is to be made over the life of the Supplemental Plan Participant or the lives of the Supplemental Plan Participant and his or her Beneficiary shall be based on such reasonable actuarial assumptions as the Committee may determine (which may be different than those applied under the Corporation's qualified plans or those used by commercial insurance companies)

(c) In the event of a Supplemental Plan Participant's termination of employment with the Affiliated Employers by reason of death, the balance of his or her Memorandum Account determined under Section 3.1 of the Plan shall be paid in a single sum to the Supplemental Plan Participant's Beneficiary as soon as practicable after the receipt by the Supplemental Plan Participant's Affiliated Employer of notice of the Supplemental Plan Participant's death.

(d) If a Supplemental Plan Participant described in paragraph (a) or (b) dies prior to the complete distribution of his or her vested benefit, the remaining installments shall be paid to his or her Beneficiary; *provided*, that upon application by such Beneficiary showing financial hardship or other adequate cause as determined by the Committee in its sole discretion, the Committee may cause the remaining balance in the decedent's memorandum account to be paid in a lump sum to the Beneficiary in complete satisfaction of any remaining benefit obligation to such Beneficiary hereunder.

(e) If the Supplemental Plan Participant elects to roll over his or her vested CRSP benefit to the Corporation's Cash Balance Plan, the vested balance of his or her Memorandum Account hereunder shall be treated as having been transferred to the Corporation's nonqualified plan maintained as a supplement to the Corporation's Cash Balance Plan, and paid in accordance with the terms of that supplemental plan.

(f) All amounts payable hereunder shall be paid in cash only.

SCHEDULE X

Effective May 13, 1994, the Board of Directors deemed it advisable to provide certain additional benefits to one or more Supplemental ESOP Participants. Pursuant to such action of the Board, and in accordance with Section 7.10 of the Plan, the foregoing terms of this Supplemental Retirement Incentive Savings Plan are modified as follows:

1. "Schedule X Participant" shall mean Kennett F. Burnes.

2. Amount of Benefits. The following shall be substituted for Section 3.1(b(ii)) of the Plan for the Schedule X Participant:

"(b)(ii) As soon as practicable after the last business day of each Plan Quarter, the Committee shall also accrue to each Supplemental Plan Participant's Memorandum Account an amount calculated as follows:

(A). Determine the amount (if any) that would have been contributed to the Supplemental Plan Participant's ESOP Allocation Account by his or her Affiliated Employer under Sections 7.5 of the CRSP for such Plan Quarter had the limitations of Sections 401(a)(17) and 415 of the Code and the corresponding limitations under the CRSP not applied, and had such contributions and allocations under the CRSP been based on Compensation increased (but only if Section 2.1(a) of the Plan is satisfied) by deferrals (if any) under the Corporation's nonqualified Deferred Compensation Plan.

(B). Multiple the result in subsection (A) above by two (2).

(C). Reduce the result in subsection (B) above by the amount (if any) which is actually contributed and allocated to the Supplemental Plan Participant's ESOP Allocation Account under Section 7.5 of the CRSP for such Plan Quarter."

CABOT CORPORATION  
AMENDED AND RESTATED  
SUPPLEMENTAL RETIREMENT SAVINGS PLAN

Amendment No. 1

Pursuant to Section 6.1 of the Amended and Restated Cabot Corporation Supplemental Retirement Savings Plan (the "Plan"), the Plan is hereby amended as follows, effective January 1, 2013:

Section 2.1 is hereby amended by the adding the following sentence at the end thereof:

"Notwithstanding the foregoing, employees of Norit Americas, Inc. shall not participate in the Plan."

IN WITNESS WHEREOF, Cabot Corporation has caused this amendment to be executed by its duly authorized officer this 27th day of December, 2012.

CABOT CORPORATION

By: /s/ Robby D. Sisco

Name: Robby D. Sisco

Title: Senior Vice President - HR

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APPENDIX D

(Cabot Corporation Supplemental Cash Balance Plan, as amended and in effect December 31, 2013)

**CABOT CORPORATION**  
**AMENDED AND RESTATED**  
**SUPPLEMENTAL CASH BALANCE PLAN**

**PREAMBLE**

A supplemental pension program was authorized by a vote of the Board of Directors of Cabot Corporation (the "Corporation") on September 10, 1976. Pursuant to that vote, letter agreements were entered into between the Corporation and certain of the Corporation's executive officers.

The Supplemental Cash Balance Plan (as herein amended and restated, and as the same may hereafter be amended, the "Supplemental CBP" or the "Plan") was originally adopted pursuant to a vote of the Board of Directors of the Corporation on February 10, 1984, its purpose being to provide benefits to a designated group of managers who are highly compensated employees of the Corporation or its subsidiaries, supplemental to the benefits provided under the Corporation's tax-qualified pension program. The Plan is intended to be "a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended from time to time. The Corporation currently provides tax-qualified pension benefits through its Cash Balance Plan (together with predecessor programs, the "Cash Balance Plan").

The amendment and restatement of the Plan set forth herein is intended *inter alia* to conform the Plan to the requirements of Section 409A of the Code, including the transition rules and exemptive relief provisions thereunder, and shall be construed consistently with that intent.

The provisions of this amended and restated Plan are effective as of January 1, 2009. Except as otherwise specifically provided herein, the rights and benefits of an individual who was a participant in the Plan and ceased to be a participant on or prior to December 31, 2008, will be determined in accordance with the provisions of the Plan as in effect on the date he or she ceased to be a participant and in accordance with the requirements of Section 409A, as applicable.

**SECTION 1 Definitions**

When used herein, the words and phrases defined shall have the following meanings. Capitalized words and phrases that are not defined herein shall have the meanings assigned to them in the Cash Balance Plan.

1.1. "Beneficiary" means the individual(s) or entity(ies) entitled under Section 3.10 below to receive any benefits hereunder upon the death of a Supplemental CBP Participant.



1.2. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.3. "Corporation" means Cabot Corporation.

1.4. "Committee" means the Benefits Committee as defined in the Cash Balance Plan.

1.5. "Employer" means the Corporation and/or any Affiliated Employer, as required by the context.

1.6. "Retirement" means Separation from Service following attainment of (i) age fifty-five (55) with at least ten years of Service, or (ii) age 65. An individual who has Separated from Service by reason of Retirement shall be treated as having "Retired."

1.7. "Section 409A" means Section 409A of the Code and guidance issued thereunder.

1.8. "Separation from Service" means and correlative terms mean a "separation from service" (as that term is defined at Treas. Regs. § 1.409A-1(h)) from the Corporation and from all other corporations and trades or businesses, if any, that would be treated as a single "service recipient" with the Corporation under Treas. Regs. § 1.409A-1(h)(3).

1.9. "Specified Employee" means a Supplemental CBP Participant who (i) has a Separation from Service in the period beginning July 1 of any given year and ending June 30 of the following year and (ii) was a "key employee" (determined under Section 416(i)(1)(A)(i), (ii) or (iii) of the Code, applied in accordance with the regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time during the 12-month period ending on the March 31 immediately preceding such July 1; provided, however, that such Participant will be treated as a Specified Employee hereunder only if on the date of such Participant's Separation from Service, the Company (or any other corporation forming part of the Employer) is a corporation any stock of which is publicly traded on an established securities market or otherwise.

1.10. "Supplemental CBP Participant" means an individual who participates in the Plan in accordance with Section 2 below.

## SECTION 2 Participation

2.1. Participation. Any person who was a participant in the Supplemental CBP on December 31, 2008, will continue to participate in the Plan in accordance with its terms after such date. Each other individual who is a Participant in the Cash Balance Plan shall be eligible to participate in and accrue benefits under this Plan for any calendar year if such individual satisfies either (a) or (b) below for such year:

(a) This Section 2.1(a) is satisfied if such individual's base salary for any such year (as determined by the Committee), before reduction for deferrals, if any, under the Cabot Retirement Savings Plan, the Corporation's nonqualified Deferred Compensation Plan, or any salary deferral under Sections 125 and 132 of the Code, equals or exceeds the dollar limitation applicable to such year under Section 401(a) (17) of the Code.

(b) This Section 2.1(b) is satisfied if such individual's Compensation for such year, reduced by deferrals, if any, under the Corporation's nonqualified Deferred Compensation Plan equals or exceeds the dollar limitation applicable to such year under Section 401(a)(17) of the Code.

For purposes of Section 3(36) of ERISA, the Supplemental CBP shall be treated as two separate plans, one of which will be deemed to provide only benefits (if any) in excess of the limitations of Section 415 of the Code.

### SECTION 3 Benefits

3.1. Amount of Benefits. The amount of the benefit payable by the Corporation under this Supplemental CBP with respect to a Supplemental CBP Participant shall be: (i) the Accrued Benefit, if any, which would be payable with respect to such individual under the Cash Balance Plan (determined after applying the vesting schedule and provisions of the Cash Balance Plan, including any special vesting applicable upon a Change in Control) if such Accrued Benefit were determined without regard to the limitations of Sections 401(a)(17) and 415 of the Code (and the corresponding limitations under the Cash Balance Plan) and based on Compensation unreduced (but only if Section 2.1(a) is satisfied) for any deferrals under the Corporation's nonqualified Deferred Compensation Plan reduced by (ii) the portion of the Accrued Benefit described in clause (i) above which is actuarially equivalent to any special additions credited to such individual's Cash Balance Plan Account (and interest credits on such special additions) in accordance with the provisions of Appendix H, Appendix I, and similar Appendices of the Cash Balance Plan, and further reduced by (iii) the benefit actually payable with respect to the Supplemental CBP Participant under the Cash Balance Plan.

#### 3.2. Time and Form of Benefit Payments.

(a) In General. In the event of a Supplemental CBP Participant's Separation from Service for any reason, the benefit payable under Section 3.1 shall be paid, in the case of a single payment, within 60 days following such Separation or, in the case of installment payments, biweekly in each regular payroll payment of the Company commencing with the first payroll of the Company in the calendar year following the calendar year in which the Supplemental CBP Participant Separates from Service. Notwithstanding the above, in the case of a Supplemental CBP Participant who is a Specified Employee, payment shall be made, (A) in the case of a single payment, on the date that is six (6) months following the date of such Separation or, (B) in the case of installment payments, (i) any installment payments payable during the first six (6) months following the Participant's Separation from Service shall be paid on the later of the date described in the first sentence of this Section 3.2 and the date that is six (6) months following such Separation, and (ii) payments thereafter shall be made as described in the first sentence of this Section 3.2. All amounts payable hereunder shall be paid in cash.

(b) Separations Prior to January 1, 2009. A Supplemental CBP Participant who Separates or Separated from Service on or before December 31, 2008, and who has not been paid or commenced payment on or prior to such date, will be paid in 2009 as

soon as reasonably practicable (in the case of a single payment) or commencing as of the first payroll of the Company in calendar year 2009, (in the case of installments), in each case in the form selected by such Participant in his or her form-of-payment election made pursuant to Section 3.2(c) below; provided, however, the Committee shall distribute the Participant's vested benefit in a single lump-sum payment in calendar year 2009 if the present value of the amount payable under Section 3.1 (determined on the basis of actuarial assumptions chosen in accordance with Section 3.7) is less than \$50,000 on December 31, 2008.

(c) Form-of-Payment Election. A Supplemental CBP Participant may elect to receive his or her benefit payable under the Plan in either a single lump sum payment or in installments for 3, 5, or 10 years (a "form-of-payment election"). Any person who is or was a Supplemental CBP Participant on December 31, 2008 shall deliver a form-of-payment election in writing in a form and manner acceptable to the Committee on or before December 31, 2008, with the exception of Supplemental CBP Participants whose vested benefit was distributed in the first calendar quarter of 2009 pursuant to section 3.2(a) above. Such form-of-payment election will become irrevocable on December 31, 2008 (subject to Section 3.4) and will be effective with respect to all benefits of the Supplemental CBP Participant hereunder. A Supplemental CBP Participant who first becomes eligible to participate in the Plan on or after January 1, 2009 shall make a form-of-payment election in accordance with Section 3.3. If a Supplemental CBP Participant does not make any election with respect to the payment of his or her benefits hereunder, then such benefits shall be paid in a single payment as described in Section 3.2(a). Notwithstanding a Supplemental CBP Participant's election under this Section 3.2(c) to receive installment payments, if the present value of the amount payable under Section 3.1 (determined on the basis of actuarial assumptions chosen in accordance with Section 3.7) is less than \$50,000 at the time of the Supplemental CBP Participant's Separation from Service, the Committee shall distribute the Participant's vested benefit in a single lump-sum payment within 60 days following such Separation, notwithstanding the Supplemental CBP Participant's form-of-payment election.

(d) Computation of Installment Payments, etc. For each Supplement CBP Participant who has elected an installment form-of-payment, the Committee shall maintain a memorandum account from and after such Participant's Separation from Service to reflect the amount payable to the Participant and notional earnings credited pursuant to this Section 3.2(d). The amount of each installment shall be calculated so as to result in equal installments over the installment period by (1) determining on December 31 of the year in which the Participant Separated from Service the amount of benefits payable to the Participant pursuant to Section 3.1; (2) measuring notional earnings with respect to the declining account balance from the date of the Participant's Separation to the end of the installment period using as the earnings measure the average yield of Treasury Constant Maturities, one (1) year, for the month of November of the calendar year in which the Participant Separated from Service, as published in the Federal Reserve Statistical Release; and (3) assuming that the account balance is reduced at the beginning of each year in the installment period by the aggregate amount of installment payments to be made for that year.

3.3. First Year of Participation. Notwithstanding Section 3.2 above, an individual who first satisfies the eligibility criteria of the Plan during the course of a calendar year and accordingly accrues a benefit under Section 3.1 for such calendar year may make a form-of-payment election by delivering to the Committee an election in writing, in a form and manner acceptable to the Committee, by December 31 of such calendar year, and such election shall govern the payment of any benefits accrued during such calendar year and subsequent years. If a Supplemental CBP Participant does not make any election with respect to the payment of his or her benefits hereunder, then such benefits shall be paid in a single payment as described in Section 3.2(a). This Section 3.3 is intended to comply with Treas. Regs. § 1.409A-2(a)(7)(iii) (relating to first year of eligibility in excess benefit plans), and shall be construed accordingly.

3.4. Election Changes in General. The Supplemental CBP Participant may change his or her form-of-payment election by submitting a new election to the Committee, provided, that no election made under this Section 3.4 shall take effect until twelve (12) months after it is made. If a Supplemental CBP Participant changes a form-of-payment election, payment or commencement of payment of the benefit payable under the new form-of-payment election shall be delayed by five years measured from the date on which the pre-change form of payment would have been made or commenced. For example, (A) under a valid change in payment form from a lump sum to installments, the first installment payment shall be made five years after the date the lump sum would otherwise have been paid, and (B) under a valid change from an installment form of payment to a lump sum payment, the lump sum shall be paid five years after the first installment would have been made. Any election change made in accordance with this Section 3.4 shall be binding on the Supplemental CBP Participant when made and may be altered only by a subsequent election change that complies with the requirements of this Section 3.4.

3.5. Section 409A Transition Period. Notwithstanding the above, the Committee has the authority to permit, in its sole discretion, changes to form-of-payment elections that do not meet the requirements of Section 3.4 to the extent permitted by transition guidance under Section 409A, pursuant to such procedures as the Committee may determine.

3.6. Death of Participant. If a Supplemental CBP participant dies before his or her Separation from Service, the Corporation shall pay to the decedent's Beneficiary in a single payment as soon as reasonably practicable, but no later than 60 days following such Participant's death, an amount equal to (i) the actuarial equivalent (determined on the basis of actuarial assumptions chosen in accordance with Section 3.7 hereof) of the death benefit that would be payable under the Cash Balance Plan if such benefit were determined without regard to the limitations of Sections 401(a)(17) and 415 of the Code (and the corresponding limitations under the Cash Balance Plan) and based on Compensation not reduced (but only if Section 2.1(a) is satisfied) for any deferrals under the Corporation's nonqualified Deferred Compensation Plan, reduced by (ii) the portion of the death benefit described in clause (i) above which is actuarially equivalent to any special additions credited to such decedent's Cash Balance Plan Account (and interest credits on such special additions) in accordance with the provisions of Appendix H, Appendix I, and similar Appendices of the Cash Balance Plan, and further reduced by (iii) the death benefit actually payable under the Cash Balance Plan. If a Supplemental CBP Participant dies following his or her Separation from Service but prior to the complete distribution of his or her account balance, the Corporation shall pay to the decedent's Beneficiary in a single payment as soon as reasonably practicable, but no later than 60 days following such Participant's death, an

amount equal to the remaining balance in such Participant's memorandum account. Notwithstanding the requirement that the Corporation pay the Supplemental CBP Participant's death benefit within 60 days following the Participant's death, the Corporation shall not be liable to the Participant nor to the estate nor beneficiary of the Participant, by reason of any acceleration of income or additional tax under Section 409A of the Code, or for any other reason in connection with the timely payment of such benefit. The Committee reserves the right to request a certified death certificate or other confirmation of death satisfactory to the Committee at its discretion with respect to a payment to be made to the Supplemental CBP Participant's Beneficiary, and if so requested by the Committee, the provision of such confirmation of death shall be a precondition to payment to the Participant's Beneficiary.

3.7. Actuarial Equivalency, Etc. Benefits payable hereunder shall be actuarially adjusted to carry out the purposes of this Supplemental CBP, which is intended (i) to offset reductions in the value of benefits under the Cash Balance Plan attributable to (A) the limitations of Sections 401(a)(17) and 415 of the Code and (B) reductions in Compensation caused by deferrals under the Corporation's nonqualified Deferred Compensation Plan, and (ii) to ensure that the different ways in which the aggregate benefit hereunder and under the Cash Balance Plan may be paid are of substantially equivalent value. The actuarial assumptions used in determining actuarial equivalency hereunder shall be determined from time to time by the Committee and may, but need not, be the same as those used to determine actuarial equivalency under the Cash Balance Plan; provided, that upon and following a Change in Control, the actuarial assumptions used for purposes of this Supplemental CBP shall not be less favorable to Supplemental CBP Participants or their Beneficiaries than those last specified by the Committee prior to the Change in Control, or to the extent none was so specified, than those applicable under the Cash Balance Plan.

3.8. Benefits Unfunded. This Supplemental CBP shall not be construed to create a trust of any kind or a fiduciary relationship between any Employer and a Supplemental CBP Participant. Neither Supplemental CBP Participants nor their Beneficiaries, nor any other person, shall have any rights against any Employer or its assets in respect of any benefits hereunder, other than rights as general creditors. Nothing in this Section 3.8, however, shall preclude an Employer from establishing and funding a trust for the purpose of paying benefits hereunder, if such trust's assets are subject to the claims of the Employer's general creditors in the event of the Employer's bankruptcy or insolvency.

3.9. Designation of Beneficiary. A Supplemental CBP Participant may designate, in writing, one or more Beneficiaries under this Supplemental CBP who may be the same as or different from those named in the Cash Balance Plan to receive benefits, if any, payable upon the Supplemental CBP Participant's death; provided, that in the case of a Supplemental CBP Participant who is married at the time of death, the Supplemental CBP Participant's surviving spouse shall be treated as the sole Beneficiary unless he or she has consented (in accordance with procedures similar to those in the Cash Balance Plan relating to spousal consent) to the designation of one or more other Beneficiaries. In the absence of any Beneficiary so designated, benefits payable following death shall be paid to the Supplemental CBP participant's surviving spouse, if any; if none, to such person or persons (including the decedent's estate) as are designated to receive any benefits remaining to be paid under the Cash Balance Plan; or if none of the foregoing, to such person or persons as shall be designated by the Committee.

## SECTION 4 Certain Forfeitures

4.1. Forfeiture of Supplemental Benefits. Notwithstanding anything to the contrary in this Supplemental CBP, benefits payable hereunder shall be forfeited by the Supplemental CBP Participant if the Supplemental CBP Participant's Separation from Service was requested by an Employer and the termination was determined by the Committee to be for "cause." For purposes of this Supplemental CBP, "cause" shall mean any action or failure to act by the Supplemental CBP Participant which the Committee in its sole discretion determines to have constituted negligence or misconduct in the performance of the Supplemental CBP Participant's duty to his or her Employer. Notwithstanding the foregoing provisions of this Section 4.1, in respect of any termination of a Supplemental CBP Participant's employment requested by such Employer within the two-year period immediately following a Change in Control, "cause" shall mean only (i) the willful and continued failure by the Supplemental CBP Participant to perform substantially his or her duties with the Employer, after a written demand for substantial performance is delivered to the Supplemental CBP Participant by the Employer which demand specifies the manner in which the Employer believes that the Supplemental CBP Participant has not substantially performed the Supplemental CBP Participant's duties, or (ii) the willful engaging by the Supplemental CBP Participant in conduct which is demonstrably and materially injurious to the Employer, monetarily or otherwise. For purposes of clauses (i) and (ii) of the preceding sentence, no act, or failure to act, on the Supplemental CBP Participant's part shall be deemed "willful" unless done, or omitted to be done, by the Supplemental CBP Participant not in good faith and without reasonable belief that the Supplemental CBP Participant's act or failure to act was in the best interest of the Employer.

## SECTION 5 Administration

5.1. Duties of Committee. This Supplemental CBP shall be administered by the Committee in accordance with its terms and purposes. The Committee shall determine, in accordance with Section 3 hereunder, the amount and manner of payment of the benefits due to or on behalf of each Supplemental CBP Participant from this Supplemental CBP and shall cause them to be paid by the Corporation accordingly. The Committee may delegate its powers, duties and responsibilities to one or more individuals (including in the discretion of the Committee employees of one or more Employers) or one or more committees of such individuals.

5.2. Finality of Decision. The decisions made, and the actions taken, by the Committee in the administration of this Supplemental CBP shall be final and conclusive with respect to all persons, and neither the Committee nor individual members thereof, nor its or their delegates hereunder, shall be subject to individual liability with respect to this Supplemental CBP.

### 5.3. Benefit Claims; Appeal and Review.

(a) If any person believes that he or she is being denied any rights or benefits under this Supplemental CBP, such person may file a claim in writing with the Committee or its designee. If any such claim is denied, the Committee or its designee will notify such person of its decision in writing. Such notification shall be written in a manner calculated to be understood by such person and will contain (i) specific reasons

for denial, (ii) specific reference to pertinent plan provisions, (iii) a description of any additional material or information necessary for such person to perfect such claim and an explanation of why such material or information is necessary, and (iv) information as to the steps to be taken if the person wishes to submit a request for review. Such notification will be given within 90 days after the claim is received by the Committee or its designee (or within 180 days, if special circumstances require an extension of time for processing the claim, and if written notice of such extension and circumstances is given to such person within the initial 90-day period). If such notification is not given within such period, the claim will be considered denied as of the last day of such period and such person may request a review of his or her claim by the Committee.

(b) Within 60 days after the date on which a person receives a written notice of a denied claim (or, if applicable, within 60 days after the date on which such denial is considered to have occurred) such person (or his or her duly authorized representative) may (i) file a written request with the Committee for a review of his or her denied claim and of pertinent documents and (ii) submit written issues and comments to the Committee. The Committee will notify such person of its decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain specific reasons for the decision as well as specific references to pertinent plan provisions. The decision on review will be made within 60 days after the request for review is received by the Committee (or within 120 days, if special circumstances require an extension of time for processing the request, such as an election by the Committee to hold a hearing, and if written notice of such extension and circumstances is given to such person within the initial 60-day period). If the decision on review is not made within such period, the claim will be considered denied.

## SECTION 6 Amendment and Termination

6.1. Amendment and Termination. While the Corporation intends to maintain this Supplemental CBP in conjunction with the Cash Balance Plan for as long as it deems necessary, the Board of Directors reserves the right to amend and/or terminate it at any time for whatever reasons it may deem appropriate; provided, that no such amendment shall reduce the benefit amount that a Supplemental CBP Participant would be entitled to receive hereunder if he or she were deemed to have terminated employment (other than by reason of death) immediately prior to the date of such amendment, unless the Supplemental CBP Participant consents to such reduction. For clarification, a Supplemental CBP Participant's benefit under this Plan may fluctuate, up and down, due to increases and decreases in the Participant's Accrued Benefit under the Cash Balance Plan as a result of increases or decreases to the limits under Sections 401(a)(17) and 415 of the Code. Such fluctuations are not "amendments" for purposes of the immediately preceding sentence.

Notwithstanding any other provision hereunder, during the two-year period immediately following a Change in Control, this Supplemental CBP may not be terminated, altered or amended in a way that would decrease future accrual of, eligibility for, or entitlement to, a benefit hereunder. This Section 6.1 may not be altered or amended during that same two-year period in any way except with the prior written consent of all of the then Supplemental CBP Participants.

SECTION 7 Miscellaneous

7.1. No Employment Rights. Nothing contained in this Supplemental CBP shall be construed as a contract of employment between any Employer and a Supplemental CBP Participant, or as giving any Supplemental CBP Participant the right to be continued in the employment of an Employer, or as a limitation of the right of an Employer to discharge any Supplemental CBP Participant, with or without cause.

7.2. Assignment. Subject to the provisions of this Supplemental CBP relating to payment of benefits upon the death of a Supplemental CBP Participant, the benefits payable under this Supplemental CBP may not be assigned, alienated, transferred, pledged, or encumbered.

7.3. Withholding, Etc.. Benefits payable under this Supplemental CBP shall be subject to all applicable federal, state or other tax withholding requirements. To the extent any amount credited or accrued hereunder for the benefit of a Supplemental CBP Participant's benefit is treated as "wages" for FICA/Medicare or FUTA tax purposes on a current basis (or when vested) rather than when distributed, all as determined by the Committee, then the Committee shall require that the Supplemental CBP Participant either (i) timely pay such taxes in cash by separate check to his or her Employer, or (ii) make other arrangements satisfactory to such Employer (e.g., additional withholding from other wage payments) for the payment of such taxes. To the extent a Supplemental CBP Participant fails to pay or provide for such taxes as required, the Committee may suspend the Supplemental CBP Participant's participation in the Supplemental CBP or reduce benefits accrued hereunder.

7.4. Distribution of Taxable Amounts. Anything in the Plan to the contrary notwithstanding, in the event an amount deferred under the Plan gives rise to an income inclusion under Section 409A, or state, local or foreign tax obligations, or the income tax at source on wages imposed under Section 3401 prior to the time otherwise payable hereunder, an amount equal to the aggregate amount of such income inclusion (in the case of a Section 409A income inclusion) or the aggregate amount of such taxes shall be paid from the affected Supplemental CBP Participant's Memorandum Account to such Supplemental CBP Participant or Beneficiary, in each case to the extent permitted by Section 409A. Any amount to the credit of a Supplemental CBP Participant's Account shall be determined to be includible in income under Section 409A upon the earlier of:

(a) determination by the Internal Revenue Service addressed to the Supplemental CBP Participant or Beneficiary which is not appealed; or

(b) a final determination by the United States Tax Court or any other Federal Court affirming any such determination by the Internal Revenue Service that amounts credited to a Supplemental CBP Participant's Account are includible in income under Section 409A.



7.5. No Guarantee of Benefits. Nothing contained in the Plan shall constitute a guarantee by the Corporation, Affiliated Employer, the Committee, or any other person or entity that the assets of the Corporation or Affiliated Employers will be sufficient to pay any benefits hereunder. No Supplemental CBP Participant shall have any right to receive a benefit payment under the Plan except in accordance with the terms of the Plan.

7.6. Incapacity of Recipient. If any person entitled to a benefit payment under the Plan is deemed by the Committee to be incapable of personally receiving and giving a valid receipt for such payment, then, unless and until claim therefor shall have been made by a duly appointed guardian or other legal representative of such person, the Committee may provide for such payment or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person. Any such payment shall be a payment for the account of such person and a complete discharge of any liability of the Corporation and Affiliated Employers and the Plan therefor.

7.7. Limitations on Liability. In no event shall the employees, officers, directors, or stockholders of the Corporation or any Affiliated Employer be liable to any individual or entity on account of any claim arising by reason of the Plan provisions or any instrument or instruments implementing its provisions, or for the failure of any Participant, Beneficiary or other individual or entity to be entitled to any particular tax consequences with respect to the Plan or any credit or payment hereunder. Neither the Corporation nor any Affiliated Employer, nor any of their officers or directors, nor any other person charged with administrative responsibilities under the Plan, shall be liable to any employee or former employee of the Corporation or any Affiliated Employer, or to any spouse or other beneficiary of any such employee or former employee, by reason of the failure of any benefit hereunder to comply with the requirements of Section 409A.

7.8. Provisions to Facilitate Plan Operations. If it is impossible or difficult to ascertain the person to receive any benefit under the Plan, the Committee may, in its discretion and subject to applicable law, direct payment to the person it deems appropriate consistent with the Plan's purposes; or retain such amounts in the Plan for payment to a court pending judicial determination of the rights thereto. Any payment under this Section 7.8 shall be a complete discharge of any liability for the making of such payment under the provisions of the Plan.

7.9. Correction of Payment Mistakes. Any mistake in the payment of a Supplemental CBP Participant's benefits under the Plan may be corrected by the Committee when the mistake is discovered. The mistake may be corrected in any reasonable manner authorized by the Committee (e.g., adjustment in the amount of future benefit payments, repayment to the Plan of an overpayment, or catch-up payment to a Supplemental CBP Participant for an underpayment). In appropriate circumstances (e.g., where a mistake is not timely discovered), the Committee may waive the making of any correction. A Supplemental Plan Participant or Beneficiary receiving an overpayment by mistake shall repay the overpayment if requested to do so by the Committee.

7.10. Schedules. The Committee may by Schedule modify the benefits available hereunder to one or more specified individuals. The provisions of each such Schedule shall, with respect to the individual or individuals thereby affected, be deemed a part of the Supplemental CBP and shall be incorporated herein.

7.11. Law Applicable. This Supplemental CBP shall be construed in accordance with the laws of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, this instrument is executed this 31st day of December, 2008.

CABOT CORPORATION

By: /s/ Robby D. Sisco

Vice President-Human Resources

CABOT CORPORATION

SUPPLEMENTAL CASH BALANCE PLAN

PREAMBLE

A supplemental pension program was authorized by a vote of the Board of Directors of Cabot Corporation (the "Corporation") on September 10, 1976. Pursuant to that vote, letter agreements were entered into between the Corporation and certain of the Corporation's executive officers.

The Supplemental Cash Balance Plan (as herein amended and restated, and as the same may hereafter be amended, the "Supplemental CBP") was originally adopted pursuant to a vote of the Board of Directors of the Corporation on February 10, 1984, its purpose being to provide benefits to a designated group of managers who are highly compensated employees of the Corporation or its subsidiaries, supplemental to the benefits provided under the Corporation's tax-qualified pension program. The Corporation currently provides tax-qualified pension benefits through its Cash Balance Plan (together with predecessor programs, the "Cash Balance Plan"). The terms of the Supplemental CBP as amended and restated and set forth herein are effective as of January 1, 2002. Except as otherwise explicitly provided herein, the rights to benefits of persons (and their beneficiaries) who were participants in the Plan before January 1, 2002, and who are not employed by the Corporation or its subsidiaries on or after that date, will be determined in accordance with the provisions of the Plan as in effect from time to time prior to January 1, 2002.

SECTION 1

Definitions

When used herein, the words and phrases defined shall have the following meanings unless a different meaning is clearly required by the context. Terms used herein which are defined in Article 1 of the Cash Balance Plan shall have the meanings assigned to them in the Cash Balance Plan unless a different meaning is set forth below.

1.1. "Beneficiary" means the individual(s) or entity(ies) entitled under Section 3.7 below to receive any benefits hereunder upon the death of a Supplemental CBP Participant.

1.2. "Change in Control" has the same meaning as in the Cabot Cash Balance Plan.

1.3. "Committee" means the Benefits Committee as defined in the Cash Balance Plan.

1.4. "Retirement" means termination of employment with the Group following attainment of (i) age fifty-five (55) with at least ten years of Service, or (ii) age 65. An individual whose employment has terminated by reason of Retirement shall be treated as having "Retired."

1.5. "Supplemental CBP Participant" has the meaning provided in Section 2 below.

SECTION 2

Participation

2.1. Participation. Any person who was a participant in the Cabot Corporation Supplemental CBP on January 1, 2002, will continue to participate in this Plan in accordance with its terms after such date. Each other individual who is a Participant in the Cash Balance Plan shall be eligible to participate in and accrue benefits under this plan for any calendar year if such individual satisfies either (a) or (b) below for such year:

(a) This Section 2.1(a) is satisfied if such individual's base salary for any such year (as determined by the Committee), before reduction for deferrals, if any, under the Cabot Retirement Incentive Savings Plan, the Corporation's nonqualified Deferred Compensation Plan, or any salary deferral under Sections 125 and 132 of the Code, equals or exceeds the dollar limitation applicable to such year under Section 401(a)(17) of the Code.

(b) This Section 2.1(b) is satisfied if such individual's Compensation for such year, reduced by deferrals, if any, under the Corporation's nonqualified Deferred Compensation Plan equals or exceeds the dollar limitation applicable to such year under Section 401(a)(17) of the Code.

For purposes of Section 3(36) of ERISA, the Supplemental CBP shall be treated as two separate plans, one of which will be deemed to provide only benefits (if any) in excess of the limitations of Section 415 of the Code.

## SECTION 3

### Benefits

3.1. Amount of Benefits. The amount of the benefit payable by the Corporation under this Supplemental CBP with respect to a Supplemental CBP Participant shall be: (i) the Accrued Benefit, if any, which would be payable with respect to such individual under the Cash Balance Plan (determined after applying the vesting schedule under the Cash Balance Plan and any special vesting applicable upon a Change in Control) if such Accrued Benefit were determined without regard to the limitations of Sections 401(a) (17) and 415 of the Code (and the corresponding limitations under the Cash Balance Plan) and based on Compensation unreduced (but only if Section 2.1(a) is satisfied) for any deferrals under the Corporation's nonqualified Deferred Compensation Plan reduced by (ii) the portion of the Accrued Benefit described in clause (i) above which is actuarially equivalent to any special additions credited to such individual's Cash Balance Plan Account (and interest credits on such special additions) in accordance with the provisions of Appendix H, Appendix I and similar Appendices of the Cash Balance Plan, and further reduced by (iii) the benefit actually payable with respect to the Supplemental CBP Participant under the Cash Balance Plan.

3.2. Form of Benefit Payments. The benefit payable to a Supplemental CBP Participant as determined under Section 3.1 hereunder shall be paid in the same form and commencing at the same time as the Supplemental CBP Participant's benefit under the Cash Balance Plan; *provided, however*, that in the discretion of the Committee the actuarial equivalent of the benefit hereunder, determined on the basis of actuarial assumptions chosen in accordance with Section 3.4 hereof, shall instead be paid in an immediate lump sum or on such other accelerated basis as the Committee may determine. The proviso in the preceding sentence shall apply, in the case of a Supplemental CBP Participant who Retires, dies, or becomes a Disabled Participant, only if the present value of the amount payable under Section 3.1 (determined on the basis of such actuarial assumptions) is less than \$50,000. Notwithstanding the foregoing provisions of this Section, if the employment of a Supplemental CBP Participant shall be

terminated without cause (as determined under Section 4.1 hereof) within the three-year period immediately following a Change in Control, payment of such Supplemental CBP Participant's benefit hereunder shall be made in a lump sum payment.

3.3. Death Benefits. If a Supplemental CBP participant dies before his or her Benefit Commencement Date, the Corporation shall pay to the decedent's Beneficiary a benefit equal to (i) the actuarial equivalent (determined on the basis of actuarial assumptions chosen in accordance with Section 3.4 hereof of the death benefit that would be payable under the Cash Balance Plan if such benefit were determined without regard to the limitations of Sections 401(a) (17) and 415 of the Code (and the corresponding limitations under the Cash Balance Plan) and based on Compensation unreduced (but only if Section 2.1(a) is satisfied) for any deferrals under the Corporation's nonqualified Deferred Compensation Plan reduced by (ii) the portion of the death benefit described in clause (i) above which is actuarially equivalent to any special additions credited to such decedent's Cash Balance Plan Account (and interest credits on such special additions) in accordance with the provisions of Appendix H, Appendix I, and similar Appendices of the Cash Balance Plan, and further reduced by (iii) the death benefit actually payable under the Cash Balance Plan. No death benefit shall be payable if the Supplemental CBP participant dies after his or her Benefit Commencement Date, except to the extent the form of payment applicable with respect to the Supplemental CBP participant under Section 3.2 provided for payments to a survivor.

3.4. Actuarial Equivalency, Etc.. Benefits payable hereunder shall be actuarially adjusted to carry out the purposes of this Supplemental CBP, which is intended (i) to offset reductions in the value of benefits under the Cash Balance Plan attributable to (A) the limitations of Sections 401(a) (17) and 415 of the Code and (B) reductions in Compensation caused by deferrals under the Corporation's nonqualified Deferred Compensation Plan, and (ii) to ensure that the different ways in which the aggregate benefit hereunder and under the Cash Balance Plan may be paid are of substantially equivalent value. The actuarial assumptions used in determining actuarial equivalency hereunder shall be determined from time to time by the Committee and may, but need not, be the same as those used to determine actuarial equivalency

under the Cash Balance Plan; *provided*, that upon and following a Change in Control, the actuarial assumptions used for purposes of this Supplemental CBP shall not be less favorable to Supplemental CBP Participants or their Beneficiaries than those last specified by the Committee prior to the Change in Control, or to the extent none was so specified, than those applicable under the Cash Balance Plan.

3.5. Time of Benefit Payments. Benefits due under Section 3.1 above shall be paid commencing as soon as practicable after the Supplemental CBP Participant's Benefit Commencement Date. Survivor benefits due under Section 3.2 above shall be paid commencing as soon as practicable following the receipt by the Employer of notice of the Supplemental CBP Participant's death.

3.6. Benefits Unfunded. This Supplemental CBP shall not be construed to create a trust of any kind or a fiduciary relationship between any Employer and a Supplemental CBP Participant. Neither Supplemental CBP Participants nor their Beneficiaries, nor any other person, shall have any rights against any Employer or its assets in respect of any benefits hereunder, other than rights as general creditors. Nothing in this Section 3.6, however, shall preclude an Employer from establishing and funding a trust for the purpose of paying benefits hereunder, if such trust's assets are subject to the claims of the Employer's general creditors in the event of the Employer's bankruptcy or insolvency.

3.7. Designation of Beneficiary. A Supplemental CBP Participant may designate, in writing, one or more Beneficiaries under this Supplemental CBP who may be the same as or different from those named in the Cash Balance Plan to receive benefits, if any, payable upon the Supplemental CBP Participant's death; *provided*, that in the case of a Supplemental CBP Participant who is married at the time of death, the Supplemental CBP Participant's surviving spouse shall be treated as the sole Beneficiary unless he or she has consented (in accordance with procedures similar to those in the Cash Balance Plan relating to spousal consent) to the designation of one or more other Beneficiaries. In the absence of any Beneficiary so designated, benefits payable following death shall be paid to the Supplemental CBP participant's surviving spouse, if any; if none (and if a death benefit is nevertheless payable under Section 3.3 above), to



such, person or persons (including the decedent's estate) as are designated to receive any benefits remaining to be paid under the Cash Balance Plan; or if none of the foregoing, to such person or persons as shall be designated by the Committee.

SECTION 4

Certain Forfeitures

4.1. Forfeiture of Supplemental Benefits. Notwithstanding anything to the contrary in this Supplemental CBP, benefits payable hereunder shall be forfeited by the Supplemental CBP Participant if the Supplemental CBP Participant's termination of employment was requested by an Employer and the termination was determined by the Committee to be for "cause." For purposes of this Supplemental CBP, "cause" shall mean any action or failure to act by the Supplemental CBP Participant which the Committee in its sole discretion determines to have constituted negligence or misconduct in the performance of the Supplemental CBP Participant's duty to his or her Employer. Notwithstanding the foregoing provisions of this Section 4.1, in respect of any termination of a Supplemental CBP Participant's employment requested by such Employer within the three-year period immediately following a Change in Control, "cause" shall mean only (i) the willful and continued failure by the Supplemental CBP Participant to perform substantially his or her duties with the Employer, after a written demand for substantial performance is delivered to the Supplemental CBP Participant by the Employer which demand specifies the manner in which the Employer believes that the Supplemental CBP Participant has not substantially performed the Supplemental CBP Participant's duties, or (ii) the willful engaging by the Supplemental CBP Participant in conduct which is demonstrably and materially injurious to the Employer, monetarily or otherwise. For purposes of clauses (i) and (ii) of the preceding sentence, no act, or failure to act, on the Supplemental CBP Participant's part shall be deemed "willful" unless done, or omitted to be done, by the Supplemental CBP Participant not in good faith and without reasonable belief that the Supplemental CBP Participant's act or failure to act was in the best interest of the Employer.

## SECTION 5

### Administration

5.1. Duties of Committee. This Supplemental CBP shall be administered by the Committee in accordance with its terms and purposes. The Committee shall determine, in accordance with Section 3 hereunder, the amount and manner of payment of the benefits due to or on behalf of each Supplemental CBP Participant from this Supplemental CBP and shall cause them to be paid by the Corporation accordingly. The Committee may delegate its powers, duties and responsibilities to one or more individuals (including in the discretion of the Committee employees of one or more Employers) or one or more committees of such individuals.

5.2. Finality of Decision. The decisions made, and the actions taken, by the Committee in the administration of this Supplemental CBP shall be final and conclusive with respect to all persons, and neither the Committee nor individual members thereof, nor its or their delegates hereunder, shall be subject to individual liability with respect to this Supplemental CBP.

### 5.3. Benefit Claims: Appeal and Review.

(a) If any person believes that he or she is being denied any rights or benefits under this Supplemental CBP, such person may file a claim in writing with the Committee or its designee. If any such claim is denied, the Committee or its designee will notify such person of its decision in writing. Such notification shall be written in a manner calculated to be understood by such person and will contain (i) specific reasons for denial, (ii) specific reference to pertinent plan provisions, (iii) a description of any additional material or information necessary for such person to perfect such claim and an explanation of why such material or information is necessary, and (iv) information as to the steps to be taken if the person wishes to submit a request for review. Such notification will be given within 90 days after the claim is received by the Committee or its designee (or within 180 days, if special circumstances require an extension of time for processing the claim, and if written notice of such extension and circumstances is given to such person within the initial 90-day period). If such notification is not given within such period, the claim will be considered denied as of the last day of such period and such person may request a review of his or her claim by the Committee.

(b) Within 60 days after the date on which a person receives a written notice of a denied claim (or, if applicable, within 60 days after the date on which such denial is considered to have occurred) such person (or his or her duly authorized representative) may (i) file a written request with the Committee for a review of his or her denied claim and of pertinent documents and (ii) submit written issues and comments to the Committee. The Committee will notify such person of its decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain specific reasons for the decision as well as specific references to pertinent plan provisions. The decision on review will be made within 60 days after the request for review is received by the Committee (or within 120 days, if special circumstances require an extension of time for processing the request, such as an election by the Committee to hold a hearing, and if written notice of such extension and circumstances is given to, such person within the initial 60-day period). If the decision on review is not made within such period, the claim will be considered denied.

SECTION 6

Amendment and Termination

6.1. Amendment and Termination. While the Corporation intends to maintain this Supplemental CBP in conjunction with the Cash Balance Plan for as long as it deems necessary, the Board of Directors reserves the right to amend and/or terminate it at any time for whatever reasons it may deem appropriate; provided, that no such amendment shall reduce the benefit amount that a Supplemental CBP Participant would be entitled to receive hereunder if he or she were deemed to have terminated employment (other than by reason of death) immediately prior to the date of such amendment, unless the Supplemental CBP Participant consents to such reduction. For clarification, a Supplemental CBP Participant's benefit under this Plan may fluctuate, up and down, due to increases and decreases in the Participant's Accrued Benefit under the Cash Balance Plan as a result of increases or decreases to the limits under Sections 401(a)(17) and 415 of fee Code. Such fluctuations are not "amendments" for purposes of the immediately preceding sentence.

Notwithstanding any other provision hereunder, during the three-year period immediately following a Change in Control, this Supplemental CBP may not be terminated, altered or amended in a way that would decrease future accrual of, eligibility for, or entitlement to, a benefit hereunder. This Section 6.1 may not be altered or amended during that same three - year period in anyway except with the prior written consent of all of the then Supplemental CBP Participants.

## SECTION 7

### Miscellaneous

7.1. No Employment Rights. Nothing contained in this Supplemental CBP shall be construed as a contract of employment between any Employer and a Supplemental CBP Participant, or as giving any Supplemental CBP Participant the right to be continued in the employment of an Employer, or as a limitation of the right of an Employer to discharge any Supplemental CBP Participant, with or without cause.

7.2. Assignment. Subject to the provisions of this Supplemental CBP relating to payment of benefits upon the death of a Supplemental CBP Participant, the benefits payable under this Supplemental CBP may not be assigned, alienated, transferred, pledged, or encumbered.

7.3. Withholding Etc. Benefits payable under this Supplemental CBP shall be subject to all applicable federal, state or other tax withholding requirements. To the extent any amount credited or accrued hereunder for the benefit of a Supplemental CBP Participant's benefit is treated as "wages" for FICA/Medicare or FUTA tax purposes on a current basis (or when vested) rather than when distributed, all as determined by the Committee, then the Committee shall require that the Supplemental CBP Participant either (i) timely pay such taxes in cash by separate check to his or her Employer, or (ii) make other arrangements satisfactory to such Employer (e.g., additional withholding from other wage payments) for the payment of such taxes. To the extent a Supplemental CBP Participant fails to pay or provide for such taxes as required, the Committee may suspend the Supplemental CBP Participant's participation in the Supplemental CBP or reduce benefits accrued hereunder.

7.4. Distribution of Taxable Amounts. Anything in the Plan to the contrary notwithstanding, in the event any Supplemental CBP Participant or Beneficiary is determined to be subject to federal income tax on any benefit accrued under the Plan prior to the time payment is otherwise due hereunder, the portion of the accrued benefit determined to be so taxable shall be paid to such Participant or Beneficiary as soon as practicable following such determination. The Committee's determination of the amount to be distributed shall be binding and conclusive. Such accrued benefit shall be determined to be subject to federal income tax upon the earlier of:

(a) determination by the Internal Revenue Service addressed to the Supplemental CBP Participant or Beneficiary which is not appealed; or

(b) a final determination by the United States Tax Court or any other Federal Court affirming any such determination by the Internal Revenue Service that amounts credited to a Supplemental CBP Participant's Account are subject to federal income tax.

7.5. No Guarantee of Benefits. Nothing contained in the Plan shall constitute a guarantee by the Corporation, Affiliated Employer, the Committee, or any other person or entity that the assets of the Corporation or Affiliated Employers will be sufficient to pay any benefits hereunder. No Supplemental CBP Participant shall have any right to receive a benefit payment under the Plan except in accordance with the terms of the Plan.

In no event shall the employees, officers, directors, or stockholders of the Corporation or Affiliated Employers be liable to any individual or entity on account of any claim arising by reason of the Plan provisions or any instrument or instruments implementing its provisions, or for the failure of any Participant, Beneficiary or other individual or entity to be entitled to any particular tax consequences with respect to the Plan or any credit or payment hereunder.

7.6. Incapacity of Recipient. If any person entitled to a benefit payment under the Plan is deemed by the Administrator to be incapable of personally receiving and giving a valid receipt for such payment, then, unless and until claim therefor shall have been made by a duly appointed guardian or other legal representative of such person, the Committee may provide for such payment or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person. Any such payment shall be a payment for the account of such person and a complete discharge of any liability of the Corporation and Affiliated Employers and the Plan therefor.

7.7. Limitations on Liability. Notwithstanding any of the preceding provisions of the Plan, neither the Corporation nor Affiliated Employers, nor any individual acting as employee or agent of the foregoing, nor the Committee shall be liable to any Supplemental CBP Participant or other person for any claim, loss, liability or expense incurred in connection with the Plan.

7.8 Provisions to Facilitate Plan Operations. If it is impossible or difficult to ascertain the person to receive any benefit under the Plan, the Committee may, in its discretion and subject to applicable law, direct payment to the person it deems appropriate consistent with the Plan's purposes; or retain such amounts in the Plan for payment to a court pending judicial determination of the rights thereto. Any payment under this Section 7.8 shall be a complete discharge of any liability for the making of such payment under the provisions of the Plan.

7.9. Correction of Payment Mistakes. Any mistake in the payment of a Supplemental CBP Participant's benefits under the Plan maybe corrected by the Committee when the mistake is discovered. The mistake may be corrected in any reasonable manner authorized by the Committee (e.g., adjustment in the amount of future benefit payments, repayment to the Plan of an overpayment, or catch-up payment to a Participant for an underpayment). In appropriate circumstances (e.g., where a mistake is not timely discovered), the Committee may waive the making of any correction. A Supplemental Plan Participant or Beneficiary receiving an overpayment by mistake shall repay the overpayment if requested to do so by the Committee.

7.10. Schedules. The Committee may by Schedule modify the benefits available hereunder to one or more specified individuals. The provisions of each such Schedule shall, with respect to the individual or individuals thereby affected, be deemed a part of the Supplemental CBP and shall be incorporated herein.

7.11. Law Applicable. This Supplemental CBP shall be construed in accordance with the laws of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, this instrument is executed this 11th day of Dec., 2002.

CABOT CORPORATION



By: \_\_\_\_\_



## SCHEDULE A

Effective May 13, 1994, the Board of Directors deemed it advisable to provide certain additional benefits to one or more Supplemental CBP Participants. Pursuant to such action of the Board, and in accordance with Section 7.10 of the Plan, the foregoing terms of this Supplemental Cash Balance Plan are modified as follows:

1. "Schedule A Participant" shall mean Kennett F. Burnes.

2. Amount of Benefit. The following shall be substituted for Sections 3.1 and 3.3 of the Plan for the Schedule A Participant:

"3.1. Amount of Benefits. The amount of the benefit payable by the Corporation under this Supplemental CBP with respect to a Supplemental CBP Participant shall be an amount calculated as follows:

(a) Determine the Accrued Benefit, if any, which would be payable with respect to such individual under the Cash Balance Plan (determined after applying the vesting schedule under the Cash Balance Plan and any special vesting applicable upon a Change in Control) if such Accrued Benefit were determined without regard to the limitations of Sections 401(a) (17) and 415 of the Code (and the corresponding limitations under the Cash Balance Plan) and based on Compensation unreduced (but only if Section 2.1(a) of the Plan is satisfied) for any deferrals under the Corporation's nonqualified Deferred Compensation Plan.

(b) Multiple the result in subsection (a) by two (2).

(c) Reduce the result in subsection (b) above by the portion of the Accrued Benefit described in subsection (a) above which is actuarially equivalent to any special additions credited to such individual's Cash Balance Plan Account (and interest credits on such special additions) in accordance with the provisions of Appendix H, Appendix I, and similar Appendices of the Cash Balance Plan,.

(d) Further reduce the result in subsection (b) above by the benefit actually payable with respect to the Supplemental CBP Participant under the Cash Balance Plan."

“3.3. Death Benefits. If a Supplemental CBP participant dies before his or her Benefit Commencement Date, the Corporation shall pay to the decedent’s Beneficiary a benefit calculated as follows:

(a) Determine the actuarial equivalent (determined on the basis of actuarial assumptions chosen in accordance with Section 3.4 hereof) of the death benefit that would be payable under the Cash Balance Plan if such benefit were determined without regard to the limitations of Sections 401(a) (17) and 415 of the Code (and the corresponding limitations under the Cash Balance Plan) and based on Compensation unreduced (but only if Section 2.1(a) of the Plan is satisfied) for any deferrals under the Corporation’s nonqualified Deferred Compensation Plan.

(b) Multiple the result in subsection (a) by two (2).

(c) Reduce the result in subsection (b) by the portion of the death benefit described in subsection (a) above which is actuarially equivalent to any special additions credited to such decedent’s Cash Balance Plan Account (and interest credits on such special additions) in accordance with the provisions of Appendix H, Appendix I, and similar Appendices of the Cash Balance Plan.

(d) Further reduce the result in subsection (b) by the death benefit actually payable under the Cash Balance Plan.

No death benefit shall be payable if the Supplemental CBP participant dies after his or her Benefit Commencement Date, except to the extent the form of payment applicable with respect to the Supplemental CBP participant under Section 3.2 provided for payments to a survivor.”

CABOT CORPORATION  
AMENDED AND RESTATED  
SUPPLEMENTAL CASH BALANCE PLAN

Amendment No. 1

Pursuant to Section 6.1 of the Amended and Restated Cabot Corporation Supplemental Cash Balance Plan (the "Plan"), the Plan is hereby amended as follows, effective December 31, 2012:

Section 2.1 is hereby amended by the adding the following sentence at the end thereof:

"Notwithstanding the foregoing, employees of Norit Americas, Inc. shall not participate in the Plan."

IN WITNESS WHEREOF, Cabot Corporation has caused this amendment to be executed by its duly authorized officer this 27<sup>th</sup> day of December, 2012.

CABOT CORPORATION

By: /s/ Robby D. Sisco

Name: Robby D. Sisco

Title: Senior Vice President - HR

## CABOT CORPORATION

## NON-EMPLOYEE DIRECTORS' DEFERRAL PLAN

(AMENDED AND RESTATED JANUARY 1, 2014)

The Cabot Corporation Non-Employee Directors' Stock Deferral Plan (the "Non-employee Directors' Stock Deferral Plan") was originally established July 14, 2006 in order to set forth certain terms and conditions governing the deferral of receipt of Common Stock awarded to Non-employee Directors under the Cabot Corporation Non-Employee Directors' Stock Compensation Plan (the "Non-employee Directors' Stock Plan"). The Non-employee Directors' Stock Deferral Plan was subsequently amended on November 9, 2007.

Effective January 1, 2014, that portion of the Cabot Corporation Deferred Compensation Plan (the "Deferred Compensation Plan"), as amended, attributable to Non-employee Directors is hereby merged with and into the Non-Employee Directors' Stock Deferral Plan, and the combined plan, as set forth herein, is amended, restated and renamed the Cabot Corporation Non-Employee Directors' Deferral Plan, as it may be amended from time to time (the "Plan"). The Plan shall be interpreted and implemented in a manner so that eligible Non-employee Directors will not fail, by reason of the Plan or its implementation, to be "non-employee directors" within the meaning of Rule 16(b)-3 of the Securities Exchange Act of 1934, as such Rule and such Act may be amended.

The Deferred Compensation Plan, as amended and restated effective January 1, 2005, provided that amounts deferred thereunder that were earned and vested on or before December 31, 2004 (including all income, gains and losses credited or charged with respect thereto) ("grandfathered deferrals") would continue to be subject to the terms of the Deferred Compensation Plan as in effect on October 3, 2004. With respect to amounts deferred on and after January 1, 2005 (including all income, gains and losses credited or charged with respect thereto) ("non-grandfathered deferrals"), the Deferred Compensation Plan, as amended and restated effective January 1, 2005, was intended to comply with the requirements of Section 409A.

The provisions of the Plan as set forth herein are effective as of January 1, 2014 with respect to amounts deferred on and after such date. Non-grandfathered deferrals by Non-employee Directors under the Deferred Compensation Plan prior to January 1, 2014 remain subject to the terms of the Deferred Compensation Plan as in effect on December 31, 2013, and grandfathered deferrals remain subject to the terms of the Deferred Compensation Plan as in effect on October 3, 2004. A copy of the Deferred Compensation Plan as in effect on December 31, 2013 (together with a copy of the Deferred Compensation Plan as in effect on October 3, 2004 and appended thereto) is attached hereto and incorporated by reference as Appendix A.

## SECTION 1 DEFINITIONS.

Wherever used in the Plan, the following terms have the meaning set forth below, unless a different meaning is clearly required by the context:

1.1. "Account" means a memorandum account on the books of the Company maintained by the Administrator to reflect the Company's unfunded obligations to a Non-employee Director under this Plan, including where the context requires any sub-account.

1.2. "Administrator" means the Governance and Nominating Committee of the Board of Directors.

1.3. "Board of Directors" means the Board of Directors of the Company.

1.4. "Change in Control" means the occurrence of one of the following events:

(a) any 'person' as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the 'Exchange 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) under the Exchange Act), together with all affiliates and associates (as such terms are used in Rule 12b-2 of the General Rules and Regulations under the Exchange 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; or

(b) the consummation of a merger or consolidation of the Company with any other company, other than (i) a merger or consolidation which results 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 (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no 'person' (with the exceptions 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, individuals who at the beginning of such period constitute the Board of Directors, 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 of Directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3<sup>rd</sup>) 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 complete liquidation of the Company or the sale or disposition by the Company of all or substantially all of the Company's assets.

Notwithstanding the foregoing provisions of this Section 1.4, a Change in Control will be deemed to occur for purposes of determining the time and form of payment under the Plan only if the Change in Control constitutes a change in control event within the meaning of Treas. Regs. § 1.409A-3(i)(5)(i).

1.5. "Code" means the Internal Revenue Code of 1986, as amended.

1.6. "Common Stock" means the shares of common stock of the Company, \$1 par value per share.

1.7. "Company" means Cabot Corporation, a Delaware corporation, or its successor.

1.8. "Deferred Fee Account" means an Account, including where the context requires any sub-account, maintained by the Administrator to reflect the Company's unfunded deferred compensation obligation to a Participant with respect to Director Fees deferred on and after January 1, 2014 under this Plan.

1.9. "Director Fees" mean the annual cash retainer fees and any cash meeting fees paid by the Company as compensation for services on the Board of Directors or any committee thereof.

1.10. "Earnings Measure" means an interest rate, stock index, bond index, mutual fund or other objective external measure of investment performance specified by the Administrator for purposes of measuring and crediting notional earnings with respect to Deferred Fee Accounts under Section 3.2 below.

1.11. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

1.12. "Moody's Rate" means, for any calendar year, the interest rate specified in Moody's Bond Record under the heading of "Moody's Corporate Bond Yield Averages – Av. Corp.," as published for the month of November preceding the calendar year.

1.13. "Non-employee Director" means any member of the Board of Directors who is not also an employee of the Company or any of its affiliates.

1.14. "Participant" means a Non-employee Director who participates in the Plan in accordance with Section 2.

1.15. "Plan" means this Cabot Corporation Non-Employee Directors' Deferral Plan, as amended from time to time.

1.16. "Retirement/Termination Account" means an Account established by the Administrator to reflect the amounts payable under this Plan to a Participant upon a Separation from Service as specified in the Non-employee Director's deferral election submitted in

accordance with Section 2. Unless otherwise determined by the Administrator, no more than two (2) Retirement/Termination Accounts may be maintained in respect of a Participant. The first Retirement/Termination Account that is established under the Plan in respect of a Participant shall be the Participant's "Primary Retirement/Termination Account". If a second Retirement/Termination Account is established under the Plan in respect of a Participant, such Retirement/Termination Account will be the Participant's "Secondary Retirement/Termination Account".

1.17. "Section 409A" means Section 409A of the Code and guidance issued thereunder.

1.18. "Separation from Service" means and correlative terms mean a "separation from service" (as that term is defined at Treas. Regs. § 1.409A-1(h), after giving effect to the presumptions contained therein) from the Company and from all other corporations and trades or businesses, if any, that would be treated as a single "service recipient" with the Company under Treas. Regs. § 1.409A-1(h)(3).

1.19. "Specified Date Account" means an Account established by the Administrator to reflect the amounts payable under this Plan to a Participant at a specified future date as specified in the Non-employee Director's deferral election submitted in accordance with Section 2. Unless otherwise determined by the Administrator, no more than five (5) Specified Date Accounts may be maintained in respect of a Participant. A Specified Date Account may be identified in enrollment materials as an "In-Service Account" or such other name as established by the Administrator without affecting the meaning thereof.

1.20. "Stock Account" means an Account, including where the context requires any sub-account, maintained by the Administrator to reflect the Company's unfunded deferred compensation obligation to a Participant with respect to Common Stock deferred on and after January 1, 2014 under this Plan.

1.21. "Stock Unit" means a unit representing one share of Common Stock credited to the Stock Account.

## SECTION 2 DEFERRAL ELECTIONS.

2.1. Stock deferral elections. A Non-employee Director may defer the receipt of up to 100% of any Common Stock awarded under the Non-employee Directors' Stock Plan as compensation for services performed in any calendar year by completing and delivering a deferral election in accordance with Section 2.3 below not later than December 31 of the preceding year (or such earlier date as may be specified by the Administrator). Any individual who becomes a Non-employee Director after January 1 of any year may elect within 30 days after becoming a Non-employee Director to defer the receipt of up to 100% of any Common Stock awarded under the Non-employee Directors' Stock Plan as compensation for services performed subsequent to such election in the remainder of such calendar year by completing and delivering a deferral election in accordance with Section 2.3 below within such 30-day period.

2.2. Director fee deferral elections. A Non-employee Director may defer the receipt of up to 100% of any Director Fees for services performed in any calendar year by completing

and delivering a deferral election form in accordance with Section 2.3 below not later than December 31 of the preceding year (or such earlier date as may be specified by the Administrator). Any individual who becomes a Non-employee Director after January 1 of any year may elect within 30 days after becoming a Non-employee Director to defer the receipt of up to 100% of any Director Fees earned for services performed subsequent to such election in the remainder of such calendar year by completing and delivering a deferral election in accordance with Section 2.3 below within such 30-day period. A Non-employee Director's Director Fees shall be treated as earned for services performed in a calendar year if paid with respect to services performed in such year.

2.3. Form of deferral election. Each deferral election under Section 2 shall be made in writing or electronically in such form and manner as prescribed by the Administrator. The Administrator may condition the effectiveness of any election upon the delivery by the Non-employee Director of such other form or forms as the Administrator may prescribe. A deferral election under Section 2 for a particular calendar year shall be irrevocable once that year has begun or upon such earlier date as may be specified by the Administrator (or in the case of an initial year of participation under Section 2.1 or 2.2, once the 30-day election period has expired). Any election submitted in accordance with Section 2 shall remain in effect for future calendar years until modified or revoked at such time and in such form and manner as prescribed by the Administrator. A Non-employee Director will become a Participant in the Plan on the day that his or her election under Section 2.1 or 2.2 becomes irrevocable.

### SECTION 3 ACCOUNTS.

3.1. Stock Accounts. For each share of Common Stock deferred by a Participant under Section 2.1, there shall be credited a Stock Unit to a Stock Account maintained by the Administrator in respect of such Participant.

(a) If the outstanding Common Stock shall at any time be changed by recapitalization, consolidation, combination, stock dividend or split, reverse stock split, conversion or similar change in capitalization, the Administrator shall make appropriate equitable adjustments in the number and nature of Stock Units then credited to the Stock Account consistent with the changes being made to the securities underlying such Stock Units.

(b) On the payment date of any cash dividend with respect to Common Stock, there shall be credited to the Stock Account of each Participant in the Plan an amount in cash equal to the dividend that would have been payable on the Stock Units then credited to the Stock Account had such Stock Units been outstanding shares of Common Stock. The cash amount credited to each Stock Account shall be periodically adjusted for notional interest using the Moody's Rate.

(c) Stock Units do not carry voting rights and a Participant has no rights as a stockholder of the Company by virtue of participation in the Plan, except as to Common Stock distributed to him or her pursuant to the Plan.



3.2. Deferred Fee Accounts. Director Fees deferred by a Participant under Section 2.2 above shall be credited to a Deferred Fee Account maintained by the Administrator in respect of such Participant in the year the amount would have been paid absent the deferral.

(a) The Administrator shall adjust each Participant's Deferred Fee Account to reflect notional earnings based on the Earnings Measure selected by the Participant in such form and manner as prescribed by the Administrator.

(b) The Earnings Measures available under this Section 3.2 shall be the following: (i) a notional interest rate equal (for each year) to the Moody's Rate for such year, or (ii) deemed investment in (i.e., phantom units of) Common Stock. Subject to Section 4.2(f) and such other rules and procedures as the Administrator may require, the Administrator may permit Participants to change the Earnings Measure that will apply to their Deferred Fee Accounts under this Section 3.2 from a deemed investment in Common Stock to the Moody's Rate; provided that the effective date of any change in Earnings Measure must be a prospective January 1.

(c) If the Earnings Measure applicable to a Participant's Deferred Fee Account is based on the Moody's Rate, all Director Fees deferred by a Participant during a calendar year shall be treated, for purposes of determining notional earnings under this Section 3.2, as having been credited to the Participant's Deferred Fee Account as of the first day of such calendar year (or, in the case of an individual who becomes a Non-employee Director after January 1 of a particular year, as of the day that follows the expiration of his or her 30-day election period under Section 2.1 or 2.2).

(d) If the Earnings Measure is based on Common Stock, all Director Fees deferred by a Participant during a calendar quarter shall be credited to the Participant's Deferred Fee Account in phantom stock units as of, and based on the closing price for the Common Stock on the New York Stock Exchange on, the last trading day of such quarter, and phantom dividends on such phantom stock in the Deferred Fee Account (based on the balance of phantom stock units in such Deferred Fee Account on the record date for each dividend declared on shares of Common Stock) shall be added to such Deferred Fee Account in phantom stock units as of, and based on the closing price for the Common Stock on the New York Stock Exchange on, the date dividends are actually paid on the Common Stock.

(e) Notwithstanding the foregoing, the Administrator shall have the absolute discretion at any time to alter or amend the Earnings Measures used in valuing and adjusting Participants' Deferred Fee Accounts; provided that such amendment is consistent with Section 409A; and provided, further, that the Administrator may not, without the written consent of the affected Participant, alter any Earnings Measure retroactively to the extent that the effect of such alteration would be to reduce the balance of the Participant's Account below what it was immediately prior to such alteration.

3.3. Vesting. Participants shall be fully vested in their Accounts under the Plan.

SECTION 4 DISTRIBUTIONS.

4.1. Distributions from the Stock Account. The Company shall make distributions of Common Stock equal in number to the number of Stock Units credited to the Stock Account and cash credited to a Stock Account as provided in this Section 4.1. For the avoidance of doubt, this Section 4.1 applies only to the distribution of Common Stock deferred by a Participant under Section 2.1 on and after January 1, 2014. Deferrals under the Non-employee Directors' Stock Deferral Plan prior to January 1, 2014 remain subject to the terms of the Non-employee Directors' Stock Deferral Plan as in effect on December 31, 2013 and attached hereto as Appendix B.

(a) Form and Timing of Distributions. A Participant who makes a deferral election with respect to Common Stock under Section 2.1 shall, coincident with such election, allocate all or any portion of the Common Stock deferred pursuant to such election to the Primary Retirement/Termination Account, or to the Secondary Retirement/Termination Account, or to one or more Specified Date Account(s) established by the Administrator in respect of such Participant; provided that any deferred Common Stock with respect to which such an allocation is not in effect shall be allocated to the Participant's Primary Retirement/Termination Account.

(b) Specified Date Accounts. Common Stock equal in number to the number of Stock Units allocated to a particular Specified Date Account, together with allocable cash pursuant to Section 3.1(b), shall be distributed, or commence to be distributed, in January of a specified future year designated by the Participant at the time such Account is established, which January may not be sooner than three years following the end of the year in which the deferral election that created such Specified Date Account is made. Such amounts shall be distributed in a lump sum or in up to five (5) annual installments, as elected by the Participant at the time the Specified Date Account is established. Distributions shall be based upon the value of the Specified Date Account as of the end of the month preceding the month in which payment is made or commences. If no form of distribution is specified for a Specified Date Account, amounts allocated to such Account shall be distributed in a single lump sum in January of such specified year and in all events no later than December 31 of the year that contains such specified January.

Notwithstanding anything to the contrary herein, if a Participant Separates from Service before such time as all Common Stock allocated to Specified Date Accounts, together with allocable cash pursuant to Section 3.1(b), have been distributed, the remaining balances in any and all Specified Date Accounts maintained in respect of such Participant shall be distributed in a single lump sum within 60 days of such Separation from Service.

(c) Retirement/Termination Account. Common Stock equal in number to the number of Stock Units allocated to a particular Retirement/Termination Account, together with allocable cash pursuant to Section 3.1(b), shall be distributed in one of the following forms, as elected by the Participant at the time such Account is established:

(i) as a single lump sum payment as of the last day of the calendar quarter in which the Participant Separates from Service, based upon the value of the Retirement/Termination Account as of the end of the month preceding the month in which payment is made;

(ii) in annual installments over a period of up to ten (10) years; or

(iii) in a partial lump sum payment as of the last day of the calendar quarter in which the Participant Separates from Service, based upon the value of the Retirement/Termination Account as of the end of the month preceding the month in which payment is made, with the balance payable in annual installments over a period of up to ten (10) years.

If no form of distribution is specified for a particular Retirement/Termination Account at the time such Account is established, Common Stock equal in number to the number of all Stock Units allocated to such Retirement/Termination Account, together with allocable cash pursuant to Section 3.1(b), shall be distributed in a single lump sum as of the last day of the calendar quarter in which the Participant Separates from Service.

Any annual installment payments under (ii) or (iii) above will be made as of each January that follows the calendar quarter in which the Participant Separates from Service, in each case based upon the value of the Retirement/Termination Account as of the end of the month preceding the month in which payment is made.

(d) Any time and form of payment election made or referenced under this Section 4.1 shall not be effective unless made prior to the beginning of the year with respect to which applicable Common Stock is deferred or within 30 days of the Participant's becoming eligible to participate in the Plan, in the case of an initial year of participation described in Section 2 above, and any such time and form of payment election shall be irrevocable at such time as the applicable deferral election is irrevocable under Section 2.3 (except as otherwise provided in Section 4.1(e)).

(e) Election Changes. A Participant may modify the time and/or form of payment election applicable to a particular Specified Date Account or Retirement/Termination Account, provided, however, that such change of election:

(i) does not take effect until at least twelve months after the date on which the election is made;

(ii) in the case of a change to the time and/or form of payment election applicable to a Retirement/Termination Account, is made on or before the date that is one year prior to the Participant's Separation from Service;

(iii) in the case of a change to the time and/or form of payment election applicable to a Specified Date Account, is made on or before the date that is one year prior to the commencement of the calendar year in which distribution from the Specified Date Account is scheduled to be made or to commence; and

(iv) except with respect to payments upon the death of such Participant, defers for a period of not less than five years the payment of a lump sum or the commencement of installment payments from the date a lump sum payment would otherwise have been made or installment payments would otherwise have commenced.

(f) If the Participant has selected annual installment payments under Section 4.1 in respect of a particular Specified Date Account or Retirement/Termination Account, or any portion thereof, each annual installment payment shall consist of (i) shares of Common Stock equal to the number of Stock Units then credited to such Account divided by the number of remaining installments, rounded down to the nearest whole share, plus (ii) cash equal to the cash then credited to such Account divided by the number of remaining installments. By way of example, if the Participant elects 10 annual installments, the first payment shall be 1/10<sup>th</sup> of the Account balance, the second payment shall be 1/9<sup>th</sup> of the Account balance, and the third payment shall be 1/8<sup>th</sup> of the Account balance, and so on. During any period of annual installment payments, any Common Stock and cash then credited to such Account shall continue to be adjusted in accordance with Section 3.1.

4.2. Distributions from the Deferred Fee Account. The Company shall make distributions of Deferred Fee Account balances as provided in this Section 4.2. All such distributions shall be in cash. For the avoidance of doubt, this Section 4.2 applies only to the distribution of Director Fees deferred by a Participant under Section 2.2 on and after January 1, 2014. Deferrals by Non-employee Directors under the Deferred Compensation Plan prior to January 1, 2014 remain subject to the terms of the Deferred Compensation Plan as in effect on December 31, 2013 and attached hereto as Appendix A.

(a) Form and Timing of Distributions. A Participant who makes a deferral election with respect to Director Fees under Section 2.2 shall, coincident with such election, allocate all or any portion of the deferrals made pursuant to such election to the Primary Retirement/Termination Account, or to the Secondary Retirement/Termination Account, or to one or more Specified Date Account(s) established by the Administrator in respect of such Participant; provided that any deferrals with respect to which such an allocation is not in effect shall be allocated to the Participant's Primary Retirement/Termination Account.

(b) Specified Date Accounts. Amounts allocated to a Specified Date Account shall be distributed, or commence to be distributed, in January of a specified future year designated by the Participant at the time such Account is established, which January may not be sooner than three years following the end of the year in which the deferral election that created such Specified Date Account is made. Such amounts shall be distributed in a lump sum or in up to five (5) annual installments, as elected by the Participant at the time the Specified Date Account is established. Distributions shall be based upon the value of the Specified Date Account as of the end of the month preceding the month in which payment is made or commences. If no form of distribution is specified for a Specified Date Account, amounts allocated to such Account shall be distributed in a single lump sum in January of such specified year and in all events no later than December 31 of the year that contains such specified January.

Notwithstanding anything to the contrary herein, if a Participant Separates from Service before such time as all amounts credited to Specified Date Accounts have been distributed, the remaining balances in any and all Specified Date Accounts maintained in respect of such Participant shall be distributed in a single lump sum within 60 days of such Separation from Service.

(c) Retirement/Termination Account. Amounts allocated to a particular Retirement/Termination Account shall be distributed in one of the following forms, as elected by the Participant at the time such Account is established:

(i) as a single lump sum payment as of the last day of the calendar quarter in which the Participant Separates from Service, based upon the value of the Retirement/Termination Account as of the end of the month preceding the month in which payment is made;

(ii) in annual installments over a period of up to ten (10) years; or

(iii) in a partial lump sum payment as of the last day of the calendar quarter in which the Participant Separates from Service, based upon the value of the Retirement/Termination Account as of the end of the month preceding the month in which payment is made, with the balance payable in annual installments over a period of up to ten (10) years.

If no form of distribution is specified for a particular Retirement/Termination Account at the time such Account is established, all amounts allocated to such Retirement/Termination Account shall be distributed in a single lump sum as of the last day of the calendar quarter in which the Participant Separates from Service.

Any annual installment payments under (ii) or (iii) above will be made as of each January that follows the calendar quarter in which the Participant Separates from Service, in each case based upon the value of the Retirement/Termination Account as of the end of the month preceding the month in which payment is made.

(d) Any time and form of payment election made or referenced under this Section 4.2 shall not be effective unless made prior to the beginning of the year with respect to which applicable amounts are deferred or within 30 days of the Participant's becoming eligible to participate in the Plan, in the case of an initial year of participation described in Section 2 above, and any such time and form of payment election shall be irrevocable at such time as the applicable deferral election is irrevocable under Section 2.3 (except as otherwise provided in Section 4.2(e)).

(e) Election Changes. A Participant may modify the time and/or form of payment election applicable to a particular Specified Date Account or Retirement/Termination Account, provided, however, that such change of election:

(i) does not take effect until at least twelve months after the date on which the election is made;

(ii) in the case of a change to the time and/or form of payment election applicable to a Retirement/Termination Account, is made on or before the date that is one year prior to the Participant's Separation from Service;

(iii) in the case of a change to the time and/or form of payment election applicable to a Specified Date Account, is made on or before the date that is one year prior to the commencement of the calendar year in which distribution from the Specified Date Account is scheduled to be made or to commence; and

(iv) except with respect to payments upon the death of such Participant, defers for a period of not less than five years the payment of a lump sum or the commencement of installment payments from the date a lump sum payment would otherwise have been made or installment payments would otherwise have commenced.

(f) If the Participant has selected annual installment payments under Section 4.2 in respect of a particular Specified Date Account or Retirement/Termination Account, or any portion thereof, the amount of each such installment shall be determined by applying the following special rules:

(i) The amount of each installment shall be calculated by dividing the balance of the particular Account, as of the end of the month preceding the month in which payment is made, by the number of remaining annual installments due. By way of example, if the Participant elects 10 annual installments, the first payment shall be 1/10<sup>th</sup> of the Account balance, the second payment shall be 1/9<sup>th</sup> of the Account balance, and the third payment shall be 1/8<sup>th</sup> of the Account balance, and so on.

(ii) If the Earnings Measure in effect when installment payments begin is not the Moody's Rate, the Participant, subject to Section 3.2 above, may at any time during the installment period change the Earnings Measure in effect for the Deferred Fee Account to the Moody's Rate effective as of the next January 1.

(iii) If the Earnings Measure in effect when installment payments begin is the Moody's Rate, or if the Participant changes the Earnings Measure to the Moody's Rate during the course of the installment period, the Participant may not subsequently change the Earnings Measure.

4.3. Change in Control. Notwithstanding any time and form of payment elections made under Section 4.1 or 4.2, all amounts then credited to the Participant's Stock Account and Deferred Fee Account (including, for the avoidance of doubt, any amounts allocated to any Retirement/Termination Accounts and/or to any Specified Date Accounts) shall be paid in a lump sum as soon as reasonably practicable, but no later than 60 days, following a Change in Control. Notwithstanding the foregoing, if the Change of Control is one in which stockholders of the Company will receive upon consummation of the Change of Control a payment (whether

cash, non-cash or a combination of the foregoing), the Administrator may provide for payment, with respect to some or all of the Common Stock represented by the Stock Units credited to a Participant's Stock Account, equal to the fair market value of such Common Stock, as determined by the Administrator in good faith, on such terms (which need not be the same as the terms of payment to stockholders) as the Administrator determines. For the avoidance of doubt, nothing in the preceding sentence shall alter or affect the time of payment set forth in the first sentence of this Section 4.3.

4.4. Unforeseeable Emergency. If a Participant suffers an unforeseeable emergency (as defined below) prior to the payment in full of his or her Deferred Fee Account, the Participant may apply in writing for an extraordinary distribution under this Section 4.4. If the Administrator in its discretion determines that an unforeseeable emergency has occurred, the Company will pay the Participant an amount equal to the lesser of (i) the then balance of the Participant's Deferred Fee Account, or (ii) the amount determined by the Administrator to be necessary to meet the emergency (including applicable taxes). "Unforeseeable emergency" shall mean an unforeseeable emergency within the meaning of Section 409A and shall include (i) a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent (as defined in Section 152(a) of the Code) of the Participant, (ii) loss of the Participant's property due to casualty, or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

4.5. Distributions upon death. Each Participant shall designate in writing, on such form and pursuant to such administrative rules as the Administrator may prescribe, a beneficiary or beneficiaries to receive any amounts remaining to be paid under the Plan at the Participant's death; but if no such beneficiary designation is in effect at the time of the Participant's death, or if the Participant's beneficiary(ies) do(es) not survive the Participant, the Administrator shall cause any such remaining benefits to be paid to the Participant's surviving spouse (if any), or if none, to the executor or administrator of the Participant's estate. If death occurs prior to the commencement or completion of installment distributions to the Participant, the Administrator shall distribute the remaining balance of the decedent's Account to the designated beneficiary(ies), or to the decedent's surviving spouse (if any) or estate where applicable, in a lump sum as soon as reasonably practicable, but no later than 60 days, following such Participant's death.

## SECTION 5 GENERAL PROVISIONS.

5.1. No Participant and no beneficiary or other person claiming under or through such Participant shall have any right, title or interest by reason of this Plan to any particular assets of the Company. The Company shall not be required to establish any fund or make any other segregation of assets to assure the payment of any Common Stock or cash credited to an Account under the Plan. No right under the Plan shall be subject to anticipation, sale, assignment, pledge, encumbrance or charge except by will or the law of descent and distribution.

5.2. Notwithstanding any other provision of the Plan or agreements made pursuant hereto, the Company will not be obligated to deliver any shares of Common Stock pursuant to

the Plan until (i) the Company is satisfied that all legal matters in connection with the issuance and delivery of such shares have been addressed and resolved; (ii) if the outstanding Common Stock is at the time of delivery listed on any stock exchange or national market system, the shares to be delivered have been listed or authorized to be listed on such exchange or system upon office notice of issuance; and (iii) all conditions of the award have been satisfied or waived.

5.3. In no event shall the Company be required to issue a fractional share of Common Stock under the Plan.

5.4. The issuance of shares of Common Stock to Participants or to their legal representatives shall be subject to any applicable taxes or other laws or regulations of the United States of America or any state or commonwealth having jurisdiction thereover.

5.5. With respect to any deferrals by a Non-employee Director for services in calendar year 2005 and in subsequent years, including any dividends credited with respect to Common Stock, the Plan is intended to comply with the requirements of Section 409A of the Code and shall be construed and administered accordingly. With respect to any deferrals (within the meaning of Section 409A) by a Non-employee Director on or before December 31, 2004 (including any dividends credited with respect to Common Stock), such deferrals are intended to be grandfathered for purposes of Section 409A and therefore exempt from Section 409A.

5.6. Limitation of Liability. Notwithstanding anything to the contrary in the Plan, neither the Company nor the Administrator, nor any person acting on behalf of the Company or the Administrator, shall be liable to any Participant or to the estate or beneficiary of such Participant by reason of any acceleration of income, or any additional tax, asserted by reason of the failure of any deferral to satisfy the requirements of Section 409A of the Code.

#### SECTION 6 ADMINISTRATION.

6.1. Administrator of the Plan. The Plan is administered by the Administrator. The Administrator shall have the authority to establish, amend and revoke from time to time rules and regulations relating to the Plan. The Administrator has the complete authority to construe the terms of the Plan and make all other determinations and take all other actions assigned to the Administrator under the Plan. The Administrator has the authority to interpret the Plan and decide any questions and settle all controversies and disputes that may arise in connection with the Plan. Determinations of the Administrator are conclusive and binding on all parties. No member of the Administrator shall be personally liable for any action or determination under the Plan to the extent permitted by law. The Administrator may delegate its powers, duties and responsibilities to one or more individuals or one or more committees of such individuals.

#### SECTION 7 FINANCING OF BENEFITS.

7.1. Benefits Unfunded. This Plan shall not be construed to create a trust of any kind or a fiduciary relationship between the Company and any Participant. Neither Participants nor their beneficiaries, nor any other person, shall have any rights against the Company or its assets in respect of any benefits hereunder, other than rights as general creditors. Nothing in this



Section 7.1, however, shall preclude the Company from establishing and funding a trust for the purpose of paying benefits hereunder, if such trust's assets are subject to the claims of the Company's general creditors in the event of bankruptcy or insolvency.

SECTION 8 EFFECTIVE DATE; TERMINATION AND AMENDMENT.

8.1. The Plan shall become effective on January 1, 2014, or, if later, upon the date of its adoption by the Board of Directors.

8.2. The Administrator may terminate the Plan or make such modifications or amendments to the Plan as it may deem advisable. Notwithstanding anything contained herein to the contrary, however, no amendment may be made and no distribution may be made upon termination of the Plan, or otherwise, if such amendment or such distribution would constitute an impermissible acceleration of payment under Section 409A.

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IN WITNESS WHEREOF, the Company has signed this Plan Document as of the 10th day of December, 2013.

By: Robby D. Sisco  
Name: Robby D. Sisco  
Title: Senior Vice President – Human Resources



**Cabot Corporation**

Amended and Restated Deferred Compensation Plan  
*Master Plan Document*

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A&R7.13.07 as amended 11.09.07w/App B

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Cabot Corporation

Amended and Restated Deferred Compensation Plan

1. In General. This document amends, restates and continues the Cabot Corporation Deferred Compensation Plan (the "Plan"), which was originally established effective January 1, 1995. The purpose of the Plan is to further the business interests of Cabot Corporation (the "Company") by providing eligible employees and non-employee directors an opportunity to defer some or all of their compensation on an unfunded, nonqualified basis as hereinafter provided. The provisions of this amended and restated Plan are effective as of January 1, 2005 except with respect to grandfathered deferrals as defined in Section 10, which will continue to be governed by the terms of the Plan as in effect on December 31, 2004. A copy of the Plan as in effect on December 31, 2004 is attached hereto as Appendix B.

2. Defined Terms. As used in the Plan, the following terms have the meanings associated with them below:

2.1. "Account". A memorandum account maintained by the Administrator to reflect the Employer's unfunded deferred compensation obligation to a Participant hereunder, including where the context requires any sub-account.

2.2. "Administrator". The Benefits Committee of the Company, whose members are appointed by the Compensation Committee of the Board and serve at the Compensation Committee's pleasure, or such other committee, person or persons as the Board may designate. The term "Administrator" shall also include delegates of any of the foregoing.

2.3. "Board". The Board of Directors of the Company.

2.4. "Code". The Internal Revenue Code of 1986, as amended.

2.5. "Consultant". An individual performing consulting services for an Employer (other than as an employee) who is designated by the Administrator as eligible to participate in the Plan, provided that such designation has not been revoked by the Administrator.

2.6. "Director". Any member of the Board other than an employee of any Employer.

2.7. "Director Fees". The cash annual retainer fees and any meeting fees paid by the Company as compensation for services on the Board or any committee thereof.

2.8. "Earnings Measure". An interest rate, stock index, bond index, mutual fund or other objective external measure of investment performance specified by the

Administrator for purposes of measuring and crediting notional earnings under Section 4(b) below. In the case of Eligible Pay deferred by a Director, the Earnings Measure applied under Section 4(b) below shall be limited to one of the following: (i) a notional interest rate equal (for each year) to the Moody's Rate for such year, or (ii) deemed investment in (i.e. phantom units of) common stock of the Company. If the Earnings Measure is based on the Moody's Rate, all Eligible Pay deferred by a Director during a calendar year shall be credited to the Director's Account as of the first day of such calendar year. If the Earnings Measure is based on common stock of the Company, all Eligible Pay deferred by a Director during a calendar quarter shall be credited to the Director's Account in phantom stock units as of, and based on the closing price for the Company common stock on the New York Stock Exchange on, the last trading day of such quarter, and phantom dividends on such Account (based on the balance of phantom stock units in such Account on the record date for each dividend declared on shares of Company common stock) shall be added to such Account in phantom stock units as of, and based on the closing price for the common stock on the New York Stock Exchange on, the date dividends are actually paid on the common stock.

2.9. "Eligible Employee". An individual employed by an Employer who is (i) determined by the Administrator to qualify as a "highly compensated or management" employee for purposes of Sections 201(a)(2), 301(a)(3) and 401(a)(1) of ERISA, and (ii) designated by the Administrator as eligible to participate in the Plan, provided that such designation has not been revoked by the Administrator.

2.10. "Eligible Pay". Except as otherwise determined by the Administrator, Eligible Pay shall include (i) in the case of an Eligible Employee: base salary, amounts payable under the Company's short-term incentive program, and sales incentive bonuses; (ii) in the case of a Consultant: the consulting fees payable by the Employer; and (iii) in the case of a Director: Director Fees. The Administrator in its discretion may include other categories of remuneration in, or exclude categories of remuneration from, the definition of "Eligible Pay," either in general or in particular cases; provided, that any such change affecting Director Fees shall also require the approval of the Board.

2.11. "Employer". The Company and its Subsidiaries, or any of them. Except as otherwise specified by the Administrator, however, participation in the Plan shall be limited to Eligible Employees employed by, or Consultants providing services to, the Company or one of the Subsidiaries listed in Appendix A hereto, and to Directors.

2.12. "ERISA". The Employee Retirement Income Security Act of 1974, as amended.

2.13. "Moody's Rate". For any calendar year, the interest rate specified in Moody's Bond Record under the heading of "Moody's Corporate Bond Yield Averages – Av. Corp.," as published for the month of November preceding the calendar year.

2.14. "Participant". A Consultant, Eligible Employee or Director who participates in the Plan.

2.15. "RSP". The Cabot Retirement Savings Plan as from time to time amended and in effect.

2.16. "Subsidiary". A corporation in which the Company holds, directly or indirectly, stock possessing at least 50% of the total voting power, and any other corporation or unincorporated trade or business that the Board designates as a Subsidiary for purposes of the Plan.

### 3. Deferral Election.

(a) In general. Each Eligible Employee and Consultant may elect to defer hereunder a specified portion or percentage of his or her Eligible Pay to be earned for services performed in any calendar year. Except as the Administrator may otherwise determine, Eligible Pay is earned for services performed in a year if (i) in the case of base salary or Consultant's fees paid on a periodic basis, it would normally be paid with respect to services performed in that year; or (ii) in the case of other Eligible Pay, it is neither vested nor determinable at the beginning of the year but becomes determinable at some point during the year. Each such deferral election shall be made by the Participant's delivery to the Administrator of a deferral election form on or before the date specified by the Administrator, but in any case (except as provided in (b) below) prior to the first day of the calendar year to which the deferral election relates.

(b) First year of participation. Notwithstanding (a) above, an individual who is newly hired during the course of a calendar year may elect to defer a specified portion or percentage of his or her Eligible Pay for the remainder of the year by delivering to the Administrator a deferral election form within 30 days of becoming eligible to participate in the Plan, such election to take effect as of the first day of the month next following receipt by the Administrator of such form (the "initial effective date"). An election under this paragraph shall be effective only as to Eligible Pay earned for services performed in the period commencing on the initial effective date and ending on the last day of the year, as determined by the Administrator under principles similar to those set forth in (a)(i) and (a)(ii) above.

(c) Limits. Except as otherwise determined by the Administrator, the maximum amount of Eligible Pay that an Eligible Employee may elect to defer for any year shall be 50% of his or her base salary plus 100% of any other Eligible Pay. An Eligible Employee who elects to defer any Eligible Pay for a year must defer at least \$2,000. The \$2,000 minimum shall apply on a prorated basis with respect to a partial year election under (b) above. A Consultant may defer any portion or all of his or her consulting fees for any year.

(d) Form of deferral election. Each deferral election shall be made in writing on a form prescribed by the Administrator. The Administrator may condition the effectiveness of any election upon the delivery by the Participant of such other form or forms as the Administrator may prescribe. A deferral election applicable to Eligible Pay to be earned for services performed in a particular calendar year shall be irrevocable once that year has begun (or, in the case of an initial year of participation described in (b) above, once the 30-day election period has expired).

(e) Special rules for Directors. The provisions of this Section 3(e) shall apply, in the case of a Director, in lieu of the provisions of Sections 3(a) through (d) above. A Director may defer up to 100% of any Eligible Pay for services performed in any calendar year by completing and delivering a deferral election in accordance with Section 3(d) above not later than December 31 of the preceding year. Any individual may elect within 30 days after becoming a Director to defer up to 100% of any Eligible Pay earned for services performed subsequent to such election by completing and delivering a deferral election in accordance with Section 3(d) above within such 30-day period. A Director's Eligible Pay shall be treated as earned for services performed in a calendar year if paid with respect to services performed in such year. The minimum amount that a Director may defer any calendar year shall be \$2,000.

4. Accounts; Credits. For each Participant, the Administrator shall maintain one or more Accounts reflecting deferrals and notional earnings as hereinafter provided.

(a) Deferral credits. Each amount deferred by a Participant under Section 3 above shall be credited to the Participant's Account in the year the amount would have been paid absent the deferral. In addition, there shall be credited to the Account of each Participant who is an Eligible Employee: (i) for the year to which the Participant's deferral election relates, an amount equal to 10% of any base salary elected to be deferred by the Participant from that year; provided, that Participants who also participate in the Company's supplemental plans (or any of them) shall not be eligible for the additional credit described in this clause; and (ii) subject to Treas. Regs. § 1.401(k)-1(e) (6), if the Participant is a participant in the RSP, an additional credit equal to the amount, if any, of matching contributions that would have been made for the benefit of such Participant under the RSP but for a reduction thereunder attributable to the limitations of Sections 401(k) and 401(m) of the Code, provided that the Participant has elected to participate in the RSP to the maximum extent permitted by Section 401(k) of the Code. Notional earnings under (b) below shall be calculated as though all amounts deferred under the preceding two sentences for a calendar year had been credited to the Participant's Account as of the first day of such year (or as of the date participation in the Plan commences, in the case of a Participant's first year of participation described in Section 3(b) above).

(b) Notional earnings. Not less frequently than annually, the Administrator shall adjust each Participant's Account to reflect notional earnings. Notional earnings



shall be based on one Earnings Measure selected by the Participant from such Earnings Measures as the Administrator shall specify. Subject to Sections 5(e)(iii) and (iv) below, the next sentence and such other rules and regulations as the Administrator may require, the Administrator may, but need not, permit Participants to (i) select an Earnings Measure that will apply to their Accounts from among those specified by the Administrator, and (ii) change such Earnings Measure to another specified Earnings Measure. Notwithstanding any provision of this Plan to the contrary, (i) a Participant may only select one Earnings Measure to apply to his or her entire Account at any one time, and (ii) the effective date of any change in Earnings Measure must be a prospective January 1. The Administrator shall have the absolute discretion at any time to alter or amend the Earnings Measures used in valuing and adjusting Accounts; provided, that such amendment is consistent with Section 409A of the Code; provided further, that the Administrator may not, without the written consent of the affected Participant, alter any Earnings Measure retroactively to the extent that the effect of such alteration would be to reduce the balance of the Participant's Account below what it was immediately prior to such alteration. Nothing herein shall be construed as obligating the Administrator or any Employer to set aside assets or establish a trust or other fund for purposes of the Plan.

(c) FICA/Medicare taxes, etc. To the extent any amount deferred or credited hereunder to the Account of a Participant is treated as "wages" for FICA/Medicare or FUTA tax purposes on a current basis rather than when distributed, all as determined by the Administrator, then the Administrator shall require that the Participant either (i) timely pay such taxes in cash by separate check to the Employer, or (ii) make other arrangements satisfactory to the Employer (e.g., additional withholding from other wage payments) for the payment of such taxes. To the extent a Participant fails to pay or provide for such taxes as required, the Administrator may suspend the Participant's participation in the Plan or reduce amounts credited or to be credited hereunder.

5. Payment of Deferred Amounts. The Participant's Employer shall make distributions of Account balances as provided in this Section. All distributions shall be in cash.

(a) Form and timing of distributions; in general. Amounts credited to a Participant's Account for any year under Section 4(a) above (the "deferral year"), adjusted for notional earnings under Section 4(b) above, shall be paid as the Participant elects either

(i) upon the expiration of a fixed period of years, but in no event earlier than the third anniversary of the beginning of the deferral year (a "fixed-period election"), or

(ii) upon the Participant's separation from service with the Employer within the meaning of Section 409A of the Code (a "separation-from-service election").

Any election made under this Section 5(a) shall not be effective for any deferral year unless made prior to the beginning of the deferral year or within 30 days of the Participant's becoming eligible to participate in the Plan, in the case of an initial year of participation described in Section 3(b) above, and once made shall be irrevocable. Amounts distributable pursuant to a fixed-period election shall be paid in a lump sum no later than January 31 of the year specified in a fixed-period election (a "fixed-period payment date"). If the Participant separates from service prior to a fixed-period payment date, the amount that would otherwise have been payable pursuant to such fixed-period election shall instead be paid in a lump sum as soon as reasonably practicable, but no later than 60 days following such termination.

Upon making a separation-from-service election, a Participant may elect to have amounts distributable pursuant to such election paid either in a lump sum or in installments over a period of five, ten or fifteen years (a "form-of-payment election"). If a Participant chooses a lump sum form of payment, such lump sum shall be paid as soon as reasonably practicable, but no later than 60 days following such separation from service, subject to any election change pursuant to Section 5(b). If a Consultant or an Eligible Employee chooses an installment form of payment, installment payments shall be paid monthly and shall commence as of the first day of the calendar year following the date such Participant separates from service, subject to any election change pursuant to Section 5(b). If a Director chooses an installment form of payment, installment payments shall be paid quarterly and shall commence as of the last day of the quarter in which the Director separates from service. Notwithstanding a Participant's election under this Section 5(a) to receive installment payments, if the present value of the amount to be paid in installments is less than \$50,000 at the time of the Participant's separation from service, all amounts distributable to such Participant under (ii) above shall be paid in a lump sum as soon as reasonably practicable, but no later than 60 days following such separation.

A Participant may have more than one fixed-period payment election in effect at one time with respect to his or her Account and may have both a fixed-period payment election or elections and a separation-from-service election in effect at one time with respect to his or her Account. For example, a Participant may elect to have deferrals for 2008 paid in 2012, deferrals for 2009 paid upon separation from service, and deferrals for 2010 paid in 2015. However, except as provided below in Section 5(c), a Participant may have only one form of payment election in effect at any time with respect to payments upon separation from service, and it shall control the manner in which the entirety of the Participant's Account distributable under (ii) above will be paid.

(b) Form and timing of distributions; election changes. A Participant who has elected to be paid upon separation from service may change a form-of-payment election, provided, however, that such change (i) except with respect to payments upon the death of a Participant, does not take effect unless made on or before the date that is one year prior to the Participant's separation from service, and (iii) except with respect to payments upon the death of a Participant, defers for a period of not less than five years

the payment of a lump sum or the commencement of installment payments from the date a lump sum payment would otherwise have been made or installment payments would otherwise have commenced under Section 5(a) upon such separation from service. Notwithstanding the above, the Administrator may permit participants to change a form-of-payment election without meeting the requirements of this Section 5(b), pursuant to such procedures as the Administrator may determine in its discretion, to the extent permitted by transition guidance issued under Section 409A of the Code.

(c) Grandfathered deferrals. Notwithstanding the above, a changed form-of-payment election as described in Section 5(b) will apply only to the portion of a Participant's Account that is attributable to non-grandfathered deferrals as defined in Section 10. A Participant may change a form-of-payment election with respect to grandfathered deferrals only in accordance with the terms of the Plan as in effect on December 31, 2004. Accordingly, and notwithstanding anything herein to the contrary, a Participant who has both grandfathered and non-grandfathered deferrals under the Plan may have separate form-of-payment elections in effect at one time with respect to such grandfathered and non-grandfathered deferrals.

(d) Key Employees. Notwithstanding the provisions of Section (a) above, any lump sum payment distributable upon the separation from service of a Participant who is a "specified employee" within the meaning of Section 409A of the Code at the date he or she separates from service shall be paid as of the date that is six months after the date of the Participant's separation from service. If a Participant who is a "specified employee" within the meaning of Section 409A of the Code at the date he or she separates from service has elected an installment form of payment, any installment payments otherwise payable under the terms of the Plan during the first six months following the date of such Participant's separation from service shall instead be paid as of the first day of the month that is six months after the date on which such participant separated from service.

(e) Distributions upon death. Each Participant shall designate in writing, on such form as the Administrator shall prescribe, a beneficiary or beneficiaries to receive any amounts remaining to be paid hereunder at the Participant's death; but if no such beneficiary designation is in effect at the time of the Participant's death, or if the Participant's beneficiary(ies) do(es) not survive the Participant, the Administrator shall cause any such remaining benefits to be paid to the executor or administrator of the Participant's estate. If death occurs prior to the commencement or completion of installment distributions to the Participant, the Administrator shall distribute the remaining balance of the decedent's Account to the designated beneficiary(ies), or to the decedent's estate where applicable, in a lump sum as soon as reasonably practicable, but no later than 60 days, following such Participant's death. The spouse of a married Participant who has not consented in writing, on such form as the Administrator may prescribe, to a designation by the Participant of one or more non-spouse beneficiary(ies) shall be treated as the designated primary beneficiary for 50% of any portion of the Participant's Account remaining undistributed at the Participant's death (or such larger

amount as the Participant shall have specified in his or her beneficiary designation, if any, in effect at the time of the Participant's death). If application of the preceding sentence results in the Participant's spouse being treated as the designated primary beneficiary for any portion of the Participant's Account which would otherwise have been distributed to others, the Administrator shall reduce the amount payable to the other designated beneficiary(ies), if any, in such equitable manner as it deems appropriate under the circumstances.

(f) Unforeseeable Emergency. If a Participant suffers an unforeseeable emergency (as defined below) prior to the payment in full of his or her Account, the Participant may apply in writing for an extraordinary distribution under this paragraph. If the Administrator in its discretion determines that an unforeseeable emergency has occurred, the Participant's Employer will pay the Participant an amount equal to the lesser of (i) the then balance of the Participant's Account, or (ii) the amount determined by the Administrator to be necessary to meet the emergency (including applicable taxes). "Unforeseeable emergency" shall mean an unforeseeable emergency within the meaning of Section 409A of the Code and shall include (i) a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent (as defined in Section 152(a) of the Code) of the Participant, (ii) loss of the Participant's property due to casualty, or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

(g) Computation of installment payments, etc. If any Account is to be distributed in installments, the amount of each such installment shall be determined by applying the following special rules:

(i) If the Earnings Measure in effect for the Account when installments begin is the Moody's Rate, the amount of each installment shall be determined so as to result in equal installments over the installment period, applying the following special rules: (x) the Earnings Measure used to measure notional earnings with respect to the declining Account balance over the course of the installment period shall be a fixed rate equal to the average of the Moody's Rate for the year in which the installment distributions commence and the preceding four calendar years, and (y) notional earnings shall be determined by assuming that the Account is reduced at the beginning of each year in the installment period by the aggregate amount of the installment payments to be made for that year.

(ii) If the Earnings Measure in effect for the Account is not the Moody's Rate, the Account balance of the Participant shall be calculated as of the close of business on the first business day of each fiscal quarter of the Company during the installment period, and the quarterly installment or monthly installments for that quarter shall be calculated by dividing this balance by the

remaining number of quarterly or monthly payments due the Participant. By way of example, if the Participant elects 40 quarterly installments, the first payment shall be 1/40 of the account balance, calculated as of the first business day of the first fiscal quarter of the Company. The following quarter, the payment shall be 1/39 of the account balance calculated as of the first business day of the second fiscal quarter of the Company.

(iii) If the Earnings Measure in effect for the Account when installments begin is not the Moody's Rate, the Participant, subject to Section 4(b) above, may at any time during the installment period change the Earnings Measure in effect for the Account to the Moody's Rate effective as of the next January 1. The Account balance as of such January 1 shall be paid out in equal installments over the remainder of the installment period, with the amount of the installments determined applying the following special rules: (x) the Earnings Measure used to measure notional earnings with respect to the declining Account balance over the remainder of the installment period shall be a fixed rate equal to the average of the Moody's Rate for the calendar year in which the equal installment distributions commence and the preceding four calendar years, and (y) notional earnings shall be determined by assuming that the Account is reduced at the beginning of each year in the remainder of the installment period by the aggregate amount of the installment payments to be made for that year.

(iv) Notwithstanding any provisions of this Plan to the contrary, if the Earnings Measure in effect for an Account when installments begin is the Moody's Rate, or if the Participant changes the Earnings Measure to the Moody's Rate during the course of the installment period in accordance with Section 5(e)(iii) above, the Participant may not subsequently change the Earnings Measure.

(h) Section 162(m). Notwithstanding any other provision of the Plan, prior to a Change in Control (as that term is defined in the RSP as in effect immediately prior to such a Change) the Administrator may defer payment of any portion of a distribution hereunder to the extent permitted by Section 409A of the Code if the Administrator reasonably determines that such deferral is necessary to avoid disallowance of a deduction under Section 162(m) of the Code. Amounts so deferred shall continue to be credited with notional earnings under Section 4(b) and shall be paid on the earlier of (i) the date Section 162(m) would no longer limit the deductibility of such payment, as reasonably determined by the Administrator, or (ii) the date of Change in Control (as so defined).

(i) Taxes. All distributions under the Plan shall be subject to reduction for applicable tax withholding.

**Cabot Corporation**

Amended and Restated Deferred Compensation Plan

Master Plan Document

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6. Assignment. Each Employer's obligations under the Plan shall be binding upon its successors and assigns. The rights of Participants and beneficiaries under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of such Participants and beneficiaries. Any attempt by any person other than Participants or their beneficiaries to bring a claim under the Plan shall be null and void.

7. Plan To Be Unfunded, Etc. The Plan is intended to be a "pension plan" (within the meaning of Section 3(2) of ERISA) that is unfunded for ERISA and tax purposes and that qualifies for the exemptions described in ERISA Sections 201(a)(2), 301(a)(3) and 401(a)(1). The Administrator shall be the "plan administrator" of the Plan and shall have discretion to construe its terms and determine each Eligible Employee's or Participant's eligibility for deferrals or distributions hereunder. If any person claims any benefit hereunder, the Administrator shall make and communicate its decision with respect to the claim within 90 days from the date the claim was received. Where special circumstances require additional time for processing the claim, the ninety-day response period may be extended by the Administrator to 180 days. If the Administrator does not render a written determination prior to the expiration of such 90-day (or 180-day) period, the claim will be deemed denied. If a claim hereunder is denied, the claimant may, within 60 days of such denial, appeal the denial by written request for review delivered to the Board or its designate, which request may include a request to review pertinent documents and to submit issues and comments in writing. The Board or its designate shall render a decision on the appeal within 60 days (or, if special circumstances require an extension of the time for processing, 120 days) after receipt of the request for review; but if no written decision is rendered within such period(s), the appeal will be deemed denied.

Nothing in this Section or in Section 4(b) shall be construed as prohibiting the Employer from establishing and maintaining a "rabbi trust" or similar trust or account in connection with the Plan, so long as the maintenance and funding of such a trust or account does not jeopardize the unfunded status of the Plan under ERISA or effective tax deferral under the Code.

8. No Contract of Employment. By participating in the Plan, each Participant expressly acknowledges and agrees that (i) nothing in the Plan or in its operation, including deferrals hereunder, limits the right of the Company or any other Employer to terminate the employment or other services of the Participant at any time, with or without cause, and that (ii) neither he or she, nor his or her beneficiaries, will claim lost compensation or tax benefits associated with discontinuance of participation in the Plan as damages or as a measure of damages in connection with any termination of employment or other services.

9. Amendment and Termination. The Board may terminate the Plan at any time and may amend the Plan at any time and from time to time, including amendments with retroactive effect; *provided*, that no such action shall, without the consent of the affected Participant, reduce the balance of any Participant's Account below what it was immediately prior to the taking of such action; *and further provided*, that upon and following a Change in Control (as defined in the RSP as in effect immediately prior to such a Change), no amendment shall result in the further

deferral of payments that have been delayed by reason of the operation of Section 5(h) above. If it determines such action to be necessary to preserve or reinstate the Plan's status as a "top hat" plan under Sections 201(a)(2), 301(a)(3) or 401(a)(1) of ERISA, or to ensure effective tax deferral under the Plan, the Administrator may at any time exclude any individual from Participation in the Plan or may make such changes in the deferral or distribution rules hereunder as are reasonably determined by the Administrator to be necessary to accomplish such result or results, provided, however, that such changes must be consistent with the requirements of Section 409A of the Code. Upon termination of the Plan in general or as to any Participant or group of Participants, the Administrator may, but need not, to the extent consistent with Section 409A of the Code, provide for immediate distribution of Accounts to the affected Participants.

10. Section 409A. With respect to amounts deferred by a Participant for services in calendar year 2005 and in subsequent years, including all income, gains and losses credited or charged with respect thereto ("non-grandfathered deferrals"), the Plan is intended to comply with the requirements of Section 409A of the Code and shall be construed accordingly. With respect to amounts deferred (within the meaning of Section 409A) by a Participant on or before December 31, 2004 (including all income, gains and losses credited or charged with respect thereto) ("grandfathered deferrals"), the Plan is intended to be grandfathered for purposes of Section 409A and therefore exempt from Section 409A.

11. Limitation of Liability. Notwithstanding anything to the contrary in the Plan, no Employer, nor the Administrator, nor any person acting on behalf of any Employer or the Administrator, shall be liable to any Participant or to the estate or beneficiary of any Participant by reason of any acceleration of income, or any additional tax, asserted by reason of the failure of any deferral to satisfy the requirements of Section 409A of the Code.

12. Administration of the Plan. The Administrator shall have full power to interpret and administer the Plan and determine the eligibility of any person for benefits hereunder and the amount of any such benefit, in its discretion. Without limiting the foregoing, the Administrator shall have full discretionary power and authority, not inconsistent with the express provisions of the Plan, to select those individuals who may participate in the Plan; to determine their remuneration eligible for deferral under the Plan; to determine their eligibility to commence receipt of benefits and the form of benefits (including, without limitation, any determination as to the proper treatment of leaves of absence and other periods of service to the Employer); to adopt, alter, and repeal such rules, guidelines and procedures for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to prescribe the form of any election under the Plan; and otherwise to supervise the administration of the Plan.

IN WITNESS WHEREOF, the Company has signed this Plan Document as of the 13th day of July, 2007.

By: /s/ Robby D. Sisco  
Title: Vice President for Human Resources



Appendix A

Employers Participating in the Plan  
Cabot Corporation  
Cabot Specialty Fluids, Inc.

**Appendix B**

**Cabot Corporation**  
Deferred Compensation Plan  
*Master Plan Document*

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CABOT CORPORATION

DEFERRED COMPENSATION PLAN

1. In General. Cabot Corporation (the "Company") has established this Deferred Compensation Plan (the "Plan") to further its business interests by providing eligible employees an opportunity to defer some or all of their compensation on an unfunded, nonqualified basis as hereinafter provided. The Plan shall be effective January 1, 1995.

2. Defined Terms. As used in the Plan, the following terms have the meanings associated with them below:

- "Account": A memorandum account maintained by the Administrator to reflect the Employer's unfunded deferred compensation obligation to a Participant hereunder, including where the context requires any sub-account.
- "Administrator": The Benefits Committee of the Company, whose members are appointed by the Board and serve at the Board's pleasure, or such other committee, person or persons as the Board may designate. The term "Administrator" shall also include delegates of any of the foregoing.
- "Board": The Board of Directors of the Company.
- "Code": The federal Internal Revenue Code, as amended.
- "Consultant": An individual performing consulting services for an Employer (other than as an employee) who is designated by the Administrator as eligible to participate in the Plan, provided that such designation has not been revoked by the Administrator.
- "Earnings Measure": An interest rate, stock index, bond index, mutual fund or other objective external measure of investment performance specified by the Administrator for purposes of measuring and crediting notional earnings under Section 4(b) below.

- “Eligible Employee”: An individual employed by an Employer who is (i) determined by the Administrator to qualify as a “highly compensated or management” employee for purposes of Sections 201(a)(2), 301(a)(3) and 401(a)(1) of ERISA, and (ii) designated by the Administrator as eligible to participate in the Plan, provided that such designation has not been revoked by the Administrator.
- “Eligible Pay”: Except as otherwise determined by the Administrator, Eligible Pay shall include (i) in the case of an Eligible Employee: base salary, amounts payable under the Company’s short-term incentive program, and sales incentive bonuses; and (ii) in the case of a Consultant: the consulting fees payable by the Employer. The Administrator in its discretion may include other categories of remuneration in, or exclude categories of remuneration from, the definition of “Eligible Pay,” either in general or in particular cases.
- “Employer”: The Company and its Subsidiaries, or any of them. Except as otherwise specified by the Administrator, however, participation in the Plan shall be limited to Eligible Employees employed by, or Consultants providing services to, the Company or one of the Subsidiaries listed in Appendix A hereto.
- “ERISA”: The Employee Retirement Income Security Act of 1974, as amended.
- “Moody’s Rate”: The rate described in Section 5(e) below.
- “Participant”: A Consultant or an Eligible Employee who participates in the Plan.
- “RSP”: The Cabot Retirement Savings Plan as from time to time amended and in effect.
- “Subsidiary”: A corporation in which the Company holds, directly or indirectly, stock possessing 50% of the total voting power, and any other corporation or unincorporated trade or business that the Board designates as a Subsidiary for purposes of the Plan.

3. Deferral Election.

(a) In general. Each Eligible Employee and Consultant may elect to defer hereunder a specified portion or percentage of his or her Eligible Pay to be earned in any calendar year. Except as the Administrator may otherwise determine, Eligible Pay is earned in a year if (i) in the case of base salary or Consultant's fees paid on a periodic basis, it would normally be paid in that year; or (ii) in the case of other Eligible Pay, it is neither vested nor determinable at the beginning of the year but becomes determinable at some point during the year. Each such deferral election shall be made by the Participant's delivery to the Administrator of a deferral election form on or before the date specified by the Administrator, but in any case (except as provided in (b) below) prior to the first day of the calendar year to which the deferral election relates.

(b) First year of participation. Notwithstanding (a) above, an individual who first becomes eligible to participate in the Plan during the course of a calendar year may elect to defer a specified portion or percentage of his or her Eligible Pay for the remainder of the year by delivering to the Administrator a deferral election form within 30 days of being notified of eligibility, such election to take effect as of the first day of the month next following receipt by the Administrator of such form or forms (the "initial effective date"). An election under this paragraph shall be effective only as to Eligible Pay earned in the period commencing on the initial effective date and ending on the last day of the year, as determined by the Administrator under principles similar to those set forth in (a)(i) and (a)(ii) above.

(c) Limits. Except as otherwise determined by the Administrator, the maximum amount of Eligible Pay that an Eligible Employee may elect to defer for any year shall be 50% of his or her base salary plus 100% of any other Eligible Pay. An Eligible Employee who elects to defer any Eligible Pay for a year must defer at least \$2,000. The \$2,000 minimum shall apply on a prorated basis with respect to a partial year election under (b) above. A Consultant may defer any portion or all of his or her consulting fees for any year.

(d) Form of election; irrevocability. Each deferral election shall be made in writing on a form prescribed by the Administrator. The Administrator may condition the effectiveness of any election upon the delivery by the Participant of such other form or forms as the Administrator may prescribe. A deferral election applicable to Eligible Pay to be earned in a particular calendar year shall be irrevocable once that year has begun (or, in the case of an initial year of participation described in (b) above, once the 30-day election period has expired).

4. Accounts; Credits. For each Participant, the Administrator shall maintain one or more Accounts reflecting deferrals and notional earnings as hereinafter provided.

(a) Deferral credits. Each amount deferred by a Participant under Section 3 above shall be credited to the Participant's Account in the year the amount would have been paid absent the deferral. In addition, there shall be credited to the Account of each Participant who is an Eligible Employee: (i) for the year to which the Participant's deferral election relates, an amount equal to 10% of any base salary elected to be deferred by the Participant from that year; *provided*, that Participants who also participate in the Company's supplemental plans (or any of them) shall not be eligible for the additional credit described in this clause; and (ii) subject to Treas. Regs. § 1.401(k)-1(e) (6), if the Participant is a participant in RSP, an additional credit equal to the amount, if any, of matching contributions that would have been made for the benefit of such Participant under RSP but for a reduction thereunder attributable to the limitations of Sections 401(k) and 401(m) of the Code, provided that the Participant has elected to participate in RSP to the maximum extent permitted by Section 401(k) of the Code. Notional earnings under (b) below shall be calculated as though all amounts deferred under the preceding two sentences for a calendar year had been credited to the Participant's Account as of the first day of such year (or as of the date participation in the Plan commences, in the case of a Participant's first year of participation described in Section 3(b) above).

(b) Notional earnings. Not less frequently than annually, the Administrator shall adjust each Participant's Account to reflect notional earnings. Notional earnings shall be based on such Earnings Measures as the Administrator shall specify. The Administrator may, but need not, permit Participants to (i) select the Earnings Measures that will apply to their Accounts from among those specified by the Administrator, and (ii) change such Measures prospectively at any time. The Administrator shall have the absolute discretion at any time to alter or amend the Earnings Measures used in valuing and adjusting Accounts; *provided*, that the Administrator may not, without the written consent of the affected Participant, alter any Earnings Measure retroactively to the extent that the effect of such alteration would be to reduce the balance of the Participant's Account below what it was immediately prior to such alteration. Nothing herein shall be construed as obligating the Administrator or any Employer to set aside assets or establish a trust or other fund for purposes of the Plan.

(c) FICA/Medicare taxes, etc. To the extent any amount deferred or credited hereunder to the Account of a Participant is treated as "wages" for FICA/Medicare or FUTA tax purposes on a current basis rather than when distributed, all as determined by the Administrator, then the Administrator shall require that the Participant either (i) timely pay such taxes in cash by separate check to the Employer, or (ii) make other arrangements satisfactory to the Employer (e.g., additional withholding from other wage



payments) for the payment of such taxes. To the extent a Participant fails to pay or provide for such taxes as required, the Administrator may suspend the Participant's participation in the Plan or reduce amounts credited or to be credited hereunder.

5. Payment of Deferred Amounts. The Participant's Employer shall make distributions of Account balances as provided in this Section. All distributions shall be in cash.

(a) Form and timing of distributions; in general. Amounts credited to a Participant's Account for any year under Section 4(a) above (the "deferral year"), adjusted for notional earnings under Section 4(b) above, shall be paid as the Participant elects either

(i) upon the expiration of a fixed period of years, but in no event earlier than the third anniversary of the beginning of the deferral year (a "fixed-period election"), or

(ii) upon termination of the Participant's employment or consulting relationship with the Employer.

A fixed-period election shall not be effective for any deferral year unless made prior to the beginning of the deferral year or within 30 days of being notified of eligibility to participate, in the case of an initial year of participation described in Section 3(b) above, and once made shall be irrevocable. Amounts distributable pursuant to a fixed-period election shall be paid in a lump sum. If the Participant's employment or consulting relationship with the Employer terminates prior to the payment date specified in any fixed-period election, amounts that would otherwise have been payable under (i) above pursuant to such election shall instead be paid in a lump sum upon such termination.

A Participant shall be deemed to have elected a distribution under (ii) above as to any portion of his or her Account for which an effective fixed-period election has not been made. Subject to such rules as the Administrator may prescribe, a Participant may elect to have amounts distributable under (ii) above paid either in a lump sum or in equal monthly installments over a period of five, ten or fifteen years (a "form of payment election"), and may change such election at any time prior to termination of employment or termination of the consulting relationship. However, a Participant may have only one form of payment election in effect at any time, and it shall control the manner in which the entirety of the Participant's Account distributable under (ii) above will be paid. Moreover, except for a Participant's initial form of payment election made in connection with his or her commencement of participation in the Plan, no such election or change in election shall be effective unless made more than three years prior to termination of the Participant's employment or consulting relationship with the Company. In the absence of any effective form of payment election, all amounts distributable to a Participant under

the Plan shall be paid in a lump sum. The Administrator may also in its discretion accelerate the distribution under (ii) above, including payment of a lump sum, to a Participant who elected an installment payout and who terminates employment prior to age 55 with less than 10 years of service with all Employers.

(b) Distributions upon death. Each Participant shall designate in writing, on such form as the Administrator shall prescribe, a beneficiary or beneficiaries to receive any amounts remaining to be paid hereunder at the Participant's death; but if no such beneficiary designation is in effect at the time of the Participant's death, or if the Participant's beneficiary(ies) do(es) not survive the Participant, the Administrator shall cause any such remaining benefits to be paid to the executor or administrator of the Participant's estate. If death occurs prior to the commencement or completion of installment distributions to the Participant, the Administrator reserves the right to distribute the remaining balance of the decedent's Account to the designated beneficiary(ies), or to the decedent's estate where applicable, in a lump sum or other form of payment. The spouse of a married Participant who has not consented in writing, on such form as the Administrator may prescribe, to a designation by the Participant of one or more non-spouse beneficiary(ies) shall be treated as the designated primary beneficiary for 50% of any portion of the Participant's Account remaining undistributed at the Participant's death (or such larger amount as the Participant shall have specified in his or her beneficiary designation, if any, in effect at the time of the Participant's death). If application of the preceding sentence results in the Participant's spouse being treated as the designated primary beneficiary for any portion of the Participant's Account which would otherwise have been distributed to others, the Administrator shall reduce the amount payable to the other designated beneficiary(ies), if any, in such equitable manner as it deems appropriate under the circumstances.

(c) Hardship. If a Participant suffers an unforeseeable financial emergency (caused by an event beyond the Participant's control) prior to the payment in full of his or her Account, the Participant may apply in writing for an extraordinary distribution under this paragraph. If the Administrator in its discretion determines that an unforeseeable financial emergency has occurred, the Participant's Employer will pay the Participant an amount equal to the lesser of (i) the then balance of the Participant's Account, or (ii) the amount determined by the Administrator to be necessary to meet the emergency (including applicable taxes).

(d) Other Withdrawals. A Participant may at any time elect to withdraw the entirety of his or her Accounts less a 10% withdrawal penalty (in addition to any applicable tax withholding). Any such election shall be made in such manner and upon such prior notice as the Administrator may prescribe. A Participant who elects a withdrawal under this Section 5(d) shall thereby be barred from future participation in the Plan and shall cease to be a Participant.

(e) Computation of installment payments, etc. If any Account is to be distributed in installments, the amount of each such installment shall be determined so as to result in equal installments over the installment period, applying the following special rules and assumptions: (i) the Earnings Measure used to measure notional earnings with respect to the declining Account balance over the course of the installment period shall be a fixed rate equal to the average of the Moody's Rate for the year in which the installment distributions are to commence and the preceding four calendar years, and (ii) notional earnings (calculated using the Earnings Measure described in (i) above) shall be determined by assuming that the Account is reduced at the beginning of each year in the installment period by the aggregate amount of the installment payments to be made for that year. For purposes of this paragraph, the Moody's Rate for any calendar year is the interest rate specified in Moody's Bond Record under the heading of "Moody's Corporate Bond Yield Averages — Av. Corp.", as published for the month of November preceding the calendar year.

(f) Section 162(m). Notwithstanding any other provision of the Plan, prior to a Change in Control (as that term is defined in RSP as in effect immediately prior to such a Change) the Administrator may defer payment of any portion of a distribution hereunder if in the judgment of the Administrator such deferral is necessary to avoid disallowance of a deduction under Section 162(m) of the Code. Amounts so deferred shall continue to be credited with notional earnings under Section 4(b) and shall be paid on the earlier of (i) the date Section 162(m) would no longer limit the deductibility of such payment, as reasonably determined by the Administrator, or (ii) the date of Change in Control (as so defined).

(g) Taxes. All distributions under the Plan shall be subject to reduction for applicable tax withholding.

6. Assignment. Each Employer's obligations under the Plan shall be binding upon its successors and assigns. The rights of Participants and beneficiaries under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of such Participants and beneficiaries. Any attempt by any person other than Participants or their beneficiaries to bring a claim under the Plan shall be null and void.

7. Plan To Be Unfunded, Etc. The Plan is intended to be a "pension plan" (within the meaning of Section 3(2) of ERISA) that is unfunded for ERISA and tax purposes and that

qualifies for the exemptions described in ERISA Sections 201(a)(2), 301(a)(3) and 401(a)(1). The Administrator shall be the “plan administrator” of the Plan and shall have discretion to construe its terms and determine each Eligible Employee’s or Participant’s eligibility for deferrals or distributions hereunder. If any person claims any benefit hereunder, the Administrator shall make and communicate its decision with respect to the claim within 90 days from the date the claim was received. Where special circumstances require additional time for processing the claim, the ninety-day response period may be extended by the Administrator to 180 days. If the Administrator does not render a written determination prior to the expiration of such 90-day (or 180-day) period, the claim will be deemed denied. If a claim hereunder is denied, the claimant may, within 60 days of such denial, appeal the denial by written request for review delivered to the Board or its designate, which request may include a request to review pertinent documents and to submit issues and comments in writing. The Board or its designate shall render a decision on the appeal within 60 days (or, if special circumstances require an extension of the time for processing, 120 days) after receipt of the request for review; but if no written decision is rendered within such period(s), the appeal will be deemed denied.

Nothing in this Section or in Section 4(b) shall be construed as prohibiting the Employer from establishing and maintaining a “rabbi trust” or similar trust or account in connection with the Plan, so long as the maintenance and funding of such a trust or account does not jeopardize the unfunded status of the Plan under ERISA or effective tax deferral under the Code.

8. No Contract of Employment. By participating in the Plan, each Participant expressly acknowledges and agrees that (i) nothing in the Plan or in its operation, including deferrals hereunder, limits the right of the Company or any other Employer to terminate the employment or other services of the Participant at any time, with or without cause, and that (ii) neither he or she, nor his or her beneficiaries, will claim lost compensation or tax benefits associated with discontinuance of participation in the Plan as damages or as a measure of damages in connection with any termination of employment or other services.

9. Amendment and Termination. The Board may terminate the Plan at any time and may amend the Plan at any time and from time to time, including amendments with retroactive effect; *provided*, that no such action shall, without the consent of the affected Participant, reduce the balance of any Participant’s Account below what it was immediately prior to the taking of such action; *and further provided*, that upon and following a Change in Control (as defined in RSP as in effect immediately prior to such a Change), no amendment shall result in the further deferral of payments that have been delayed by reason of the operation of Section 5(e) above. If it determines such action to be necessary to preserve or reinstate the Plan’s status as a “top hat” plan under Sections 201(a)(2), 301(a)(3) or 401(a)(1) of ERISA, or to ensure effective tax deferral under the Plan, the Administrator may at any time exclude any individual from

Participation in the Plan and cause his or her Account to be promptly distributed, or may make such changes in the deferral or distribution rules hereunder as are reasonably determined by the Administrator to be necessary to accomplish such result or results. Upon termination of the Plan in general or as to any Participant or group of Participants, the Administrator may, but need not, provide for immediate distribution of Accounts to the affected Participants.

10. Administration of the Plan. The Administrator shall have full power to interpret and administer the Plan and determine the eligibility of any person for benefits hereunder and the amount of any such benefit, in its discretion. Without limiting the foregoing, the Administrator shall have full discretionary power and authority, not inconsistent with the express provisions of the Plan, to select those individuals who may participate in the Plan; to determine their remuneration eligible for deferral under the Plan; to determine their eligibility to commence receipt of benefits and the form of benefits (including, without limitation, any determination as to the proper treatment of leaves of absence and other periods of service to the Employer); to adopt, alter, and repeal such rules, guidelines and procedures for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to prescribe the form of any election under the Plan; and otherwise to supervise the administration of the Plan.

IN WITNESS WHEREOF, the Company has signed this Plan Document as of the 1st day of January 1995.

By: \_\_\_\_\_ Karen M. Morrissey

Its: \_\_\_\_\_ Vice President

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Appendix A

Employers Participating in the Plan

Cabot Corporation

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AMENDMENT 1997-1  
TO  
CABOT CORPORATION  
DEFERRED COMPENSATION PLAN

Cabot Corporation, a Delaware corporation (the "Company"), pursuant to Section 9 of the Cabot Corporation Deferred Compensation Plan (the "Plan"), hereby amends the Plan, as follows, effective as of June 1, 1997:

1. Section 1 is amended by inserting the phrase "and non-employee directors" after the word "employees".
2. The following defined terms are added to Section 2 immediately following the definition of "CRISP":
  - "Director: Any member of the Board other than an employee of any Employer.
  - "Director Fees": The cash annual retainer fees and meeting fees paid by the Company as compensation for service on the Board or any committee thereof.
3. The definitions of "Eligible Pay", "Moody's Rate" and "Participant" in Section 2 are amended in their entireties to read as follows:
  - "Eligible Pay": Except as otherwise determined by the Administrator, Eligible Pay shall include (i) in the case of an Eligible Employee: base salary, amounts payable under the Company's short-term incentive program, and sales incentive bonuses; (ii) in the case of a Consultant: the consulting fees payable by the Employer; and (iii) in the case of a Director: Director Fees. The Administrator in its discretion may include other categories of remuneration in, or exclude categories of remuneration from, the definition of "Eligible Pay," either in general or in particular cases; provided, that any such change affecting Director Fees shall also require the approval of the Board.
  - "Moody's Rate": For any calendar year, the interest rate specified in Moody's Bond Record under the heading of "Moody's Corporate Bond Yield Averages – Av. Corp.," as published for the month of November preceding the calendar year.
  - "Participant": A Consultant, Eligible Employee or Director who participates in the Plan.

4. Section 2 is further amended by (i) adding the phrase “, and to Directors” at the end of the definition of “Employer” and (ii) adding the following to the definition of “Earnings Measure”:

In the case of Eligible Pay deferred by a Director, the Earnings Measure applied under Section 4(b) below shall be limited to one of the following: (i) a notional interest rate equal (for each year) to the Moody's Rate for such year, or (ii) deemed investment in (i.e. phantom units of) common stock of the Company. If the Earnings Measure is based on the Moody's Rate, all Eligible Pay deferred by a Director during a calendar year shall be credited to the Director's Account as of the first day of such calendar year. If the Earnings Measure is based on common stock of the Company, all Eligible Pay deferred by a Director during a calendar quarter shall be credited to the Director's Account in phantom stock units as of, and based on the closing price for the Company common stock on the New York Stock Exchange on, the last trading day of such quarter, and phantom dividends on such Account (based on the balance of phantom stock units in such Account on the record date for each dividend declared on shares of Company common stock) shall be added to such Account in phantom stock units as of, and based on the closing price for the common stock on the New York Stock Exchange on, the date dividends are actually paid on the common stock.

5. Section 3 is amended by adding thereto a new Section 3(e) to read in its entirety as follows:

(e) Special rules for Directors. The provisions of this Section 3(e) shall apply, in the case of a Director, in lieu of the provisions of Sections 3(a) through (d) above. A Director may defer up to 100% of any Eligible Pay for any calendar year commencing on or after January 1, 1998 by completing and delivering a deferral election in accordance with Section 3(d) above not later than September 15 of the preceding year. A Director who is serving as such on June 1, 1997 may defer up to 100% of any Eligible Pay earned in the third and fourth quarters of calendar year 1997 by completing and delivering a deferral election in accordance with Section 3(d) above not later than June 30, 1997. Any individual who becomes a Director after June 1, 1997 may elect within 30 days after becoming a Director to defer up to 100% of any Eligible Pay earned in the remainder of the calendar year in which such individual becomes a Director (and the following calendar year, if such individual becomes a Director between August 16 and December 31 of any calendar year) by completing and delivering a deferral election in accordance with Section 3(d) above within such 30-day period. A



Director's Eligible Pay shall be treated as earned on the date it would be paid if not deferred hereunder. The minimum amount that a Director may defer for any calendar year shall be \$2,000.

6. Section 4(b) is amended in its entirety to read as follows:

(b) Notional earnings. Not less frequently than annually, the Administrator shall adjust each Participant's Account to reflect notional earnings. Notional earnings shall be based on one Earnings Measure selected by the Participant from such Earnings Measures as the Administrator may specify. Subject to Sections 5(e)(iii) and (iv) below, the next sentence and such other rules and regulations as the Administrator may require, the Administrator may, but need not, permit Participants to (i) select an Earnings Measure that will apply to their Accounts from among those specified by the Administrator, and (ii) change such Earnings Measure to another specified Earnings Measure. Notwithstanding any provision of this Plan to the contrary, (i) a Participant may only select one Earnings Measure to apply to his or her entire Account at any one time, and (ii) the effective date of any change in Earnings Measure must be a prospective January 1. The Administrator shall have the absolute discretion at any time to alter or amend the Earnings Measures used in valuing and adjusting Accounts; provided, that the Administrator may not, without the written consent of the affected Participant, alter any Earnings Measure retroactively to the extent that the effect of such alteration would be to reduce the balance of the Participant's Account below what it was immediately prior to such alteration. Nothing herein shall be construed as obligating the Administrator or any Employer to set aside assets or establish a trust or other fund for the purposes of the Plan.

7. Section 5(a) is amended by (i) inserting the phrase ", service as a Director" after the word "employment" the first, second and fourth times it appears, (ii) replacing the phrase "termination of employment or termination of the consulting relationship," with the phrase "termination of the Participant's employment, service as a Director or consulting relationship with the Employer" and (iii) deleting the word "equal".

8. Section 5(e) is amended in its entirety to read as follows:

(e) Computation of installment payments, etc. If any Account is to be distributed in installments, the amount of each installment shall be determined applying the following special rules:

(i) If the Earnings Measure in effect for the Account when installments begin is the Moody's Rate, the amount of each installment shall be determined so

as to result in equal installments over the installment period, applying the following special rules: (x) the Earnings Measure used to measure notional earnings with respect to the declining Account balance over the course of the installment period shall be a fixed rate equal to the average of the Moody's Rate for the year in which the installment distributions commence and the preceding four calendar years, and (y) notional earnings shall be determined by assuming that the Account is reduced at the beginning of each year in the installment period by the aggregate amount of the installment payments to be made for that year.

(ii) If the Earnings Measure in effect for the Account is not the Moody's Rate, the Account balance of the Participant shall be calculated as of the close of business on the first business day of each month during the installment period, and the monthly installment for that month shall be calculated by dividing this balance by the remaining number of monthly payments due the Participant. By way of example, if the Participant elects 120 monthly installments, the first payment shall be 1/120 of the account balance, calculated as of the first business day of the first month. The following month, the payment shall be 1/119 of the account balance calculated as of the first business day of the second month.

(iii) If the Earnings Measure in effect for the Account when installments begin is not the Moody's Rate, the Participant, subject to Section 4(b) above, may at any time during the installment period change the Earnings Measure in effect for the Account to the Moody's Rate effective as of the next January 1. The Account balance as of such January 1 shall be paid out in equal installments over the remainder of the installment period, with the amount of the installments determined applying the following special rules: (x) the Earnings Measure used to measure notional earnings with respect to the declining Account balance over the remainder of the installment period shall be a fixed rate equal to the average of the Moody's Rate for the calendar year in which the equal installment distributions commence and the preceding four calendar years, and (y) notional earnings shall be determined by assuming that the Account is reduced at the beginning of each year in the remainder of the installment period by the aggregate amount of the installment payments to be made for that year.

(iv) Notwithstanding any provisions of this Plan to the contrary, if the Earnings Measure in effect for an Account when installments begin is the Moody's Rate, or if the Participant changes the Earnings Measure to the Moody's Rate during the course of the installment period in accordance with Section 5(e)(iii) above, the Participant may not subsequently change the Earnings Measure.

In Witness Whereof, the Company has caused this Amendment to be signed by it's duly authorized officer this 30<sup>th</sup> day of June 1997.

CABOT CORPORATION

By:                     /s/  Karen M. Morrissey                    

Its:                                     Vice President                                    

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AMENDMENT NO. 1  
TO  
CABOT CORPORATION  
AMENDED AND RESTATED DEFERRED COMPENSATION PLAN

Cabot Corporation, a Delaware corporation (the "Company"), pursuant to Section 9 of the Cabot Corporation Amended and Restated Deferred Compensation Plan (the "Plan"), hereby amends the Plan, as follows, effective from November 9, 2007:

The third paragraph of Section 5(a) is amended in its entirety to read as follows:

"Upon making a separation-from-service election, a Participant may elect to have amounts distributable pursuant to such election paid either in a lump sum or in installments over a period of five, ten or fifteen years (a "form-of-payment election"). If a Participant chooses a lump sum form of payment, such lump sum shall be paid as soon as reasonably practicable, but no later than 60 days following such separation from service, subject to any election change pursuant to Section 5(b). If a Consultant or an Eligible Employee chooses an installment form of payment, installment payments shall be paid monthly and shall commence as of the first day of the calendar year following the date such Participant separates from service, subject to any election change pursuant to Section 5(b). If a Director chooses an installment form of payment, installment payments shall be paid quarterly and shall commence as of the last day of the quarter in which the Director separates from service. Notwithstanding a Participant's election under this Section 5(a) to receive installment payments, if the present value of the amount to be paid in installments is less than \$50,000 at the time of the Participant's separation from service, all amounts distributable to such Participant under (i) above shall be paid in a lump sum as soon as reasonably practicable, but no later than 60 days following such separation."

In Witness Whereof, the Company has caused this Amendment to be signed by its duly authorized officer this 9th day of November, 2007.

CABOT CORPORATION

By: /s/ Robby D. Sisco

Its: Vice President-Human Resources

AMENDMENT NO. 2  
TO  
CABOT CORPORATION  
AMENDED AND RESTATED DEFERRED COMPENSATION PLAN

Cabot Corporation, a Delaware corporation (the "Company"), pursuant to Section 9 of the Cabot Corporation Amended and Restated Deferred Compensation Plan, as amended November 9, 2007 (the "Plan"), hereby amends the Plan, as follows, effective January 1, 2009:

1. The following definitions are added as Sections 2.16 and 2.17 and the prior Section 2.16 is renumbered as 2.18:

Section 2.16 "Separation from Service". A "separation from service" (as that term is defined at Treas. Regs. § 1.409A-1(h)) from the Company and from all other corporations and trades or businesses, if any, that would be treated as a single "service recipient" with the Company under Treas. Regs. § 1.409A-1(h)(3). Wherever the terms "separation from service", "termination of employment" (or other correlative terms) appearing in the Plan affect a Participant's entitlement to, or the timing of, the payment of any amount of deferred compensation subject to Section 409A of the Code, such terms shall be construed to require a "Separation from Service" as defined in this Section 2.16.

Section 2.17 "Specified Employee". A Participant who (i) has a Separation from Service in the period beginning July 1 of any given year and ending June 30 of the following year and (ii) was a "key employee" (determined under Section 416(i)(1)(A)(i), (ii) or (iii) of the Code, applied in accordance with the regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time during the 12-month period ending on the March 31 immediately preceding such July 1; provided, however, that such Participant will be treated as a Specified Employee hereunder only if at the date of such Participant's Separation from Service, the Company (or any other corporation forming part of the Employer) is a corporation any stock of which is publicly traded on an established securities market or otherwise.

2. Section 5(a) is amended in its entirety to read as follows:

(a) Form and timing of distributions; in general. Amounts credited to a Participant's Account for any year under Section 4(a) above (the "deferral year")

(i) consisting of the Participant's deferrals under Section 3, adjusted for notional earnings under Section 4(b) above, shall be paid as the Participant elects either

(x) upon the expiration of a fixed period of years, but in no event earlier than the third anniversary of the beginning of the deferral year (a "fixed-period election"), or

(y) upon the Participant's Separation from Service (a "separation-from-service election"); and

(ii) consisting of credits to the Participant's Account made by the Employer, adjusted for notional earnings under Section 4(b) above, shall be paid upon the Participant's Separation from Service.

Any election made under this Section 5(a) shall not be effective for any deferral year unless made prior to the beginning of the deferral year or within 30 days of the Participant's becoming eligible to participate in the Plan, in the case of an initial year of participation described in Section 3(b) above, and once made shall be irrevocable.

An amount distributable pursuant to a fixed-period election shall be paid in a lump sum in January of the year specified in such fixed-period election (a "fixed-period payment date"). Any amount distributable pursuant to 5(a)(ii) for the deferral year to which a fixed-period election relates shall be paid in a lump sum as soon as reasonably practicable upon the Participant's Separation from Service, but no later than 60 days following such Separation. If the Participant Separates from Service prior to a fixed-period payment date, the amount that would otherwise have been payable on such date shall instead be paid in a lump sum as soon as reasonably practicable, but no later than 60 days following such Separation.

Upon making a separation-from-service election, a Participant may elect to have amounts distributable under both sections 5(a)(i) and 5(a)(ii) for the deferral year to which such election relates paid either in a lump sum or in installments over a period of three, five or ten years (a "form-of-payment election"). If a Participant chooses a lump sum form of payment, such lump sum shall be paid as soon as reasonably practicable, but no later than 60 days following the Participant's Separation from Service, subject to any election change pursuant to Section 5(b). If a Consultant or an Eligible Employee chooses an installment form of payment, installment payments shall be paid biweekly in each regular payroll payment of the Company and shall commence as of the first payroll period of the Company in the calendar year following the calendar year in which such Participant Separates from Service, subject to any election change pursuant to Section 5(b). If a Director chooses an installment form of payment, installment payments shall be paid quarterly and shall commence as of the last day of the quarter in which the Director Separates from Service. Notwithstanding a Participant's election under this Section 5(a) to receive installment payments, if the present value of the amount to be paid in installments is less than \$50,000 at the time of the Participant's Separation from Service, all amounts otherwise distributable to such Participant as installments shall be paid in a lump sum as soon as reasonably practicable, but no later than 60 days following such Separation.

A Participant may have more than one fixed-period payment election in effect at one time with respect to his or her Account and may have both a fixed-period payment election or elections and a separation-from-service election in effect at one time with respect to his or her Account. For example, a Participant may elect to have deferrals for 2008 paid in 2012, deferrals for 2009 paid upon Separation from Service, and deferrals for 2010 paid in 2015. However, except as provided below in Section 5(c), a Participant may have only one form of payment election in effect at any time with respect to all amounts the Participant has elected to have paid upon Separation from Service under Sections 5(a)(i)(y) and 5(a)(ii).

3. Section 5(d) is amended in its entirety to read as follows:

"Key Employees. Notwithstanding the provisions of Section (a) above, any lump sum payment distributable upon the separation from service of a Participant who is a Specified Employee shall be paid on the date that is six months after the date of the Participant's Separation from Service. If a Participant who is a Specified Employee has elected an installment form of payment, any installment payments payable during the first six months following the date of such Participant's separation from service shall instead be paid on the later of (i) the date provided in Section 5(a) and (ii) the date that is six months following such Participant's Separation from Service."

4. The second sentence of Section 5(e) is replaced in its entirety with the following two sentences:

" If death occurs prior to the commencement or completion of installment distributions to the Participant, the Administrator shall distribute the remaining balance of the decedent's Account to the designated beneficiary(ies), or to the decedent's estate where applicable, in a lump sum as soon as reasonably practicable, but no later than 90 days, following such Participant's death; provided, however, that the Company shall not be liable to the Participant nor to the estate nor beneficiary of the Participant, by reason of any acceleration of income or additional tax under Section 409A of the Code, or for any other reason in connection with the timely payment of any amount under this Section 5(e). The Administrator reserves the right to request a certified death certificate or other confirmation of death satisfactory to the Administrator at his or her discretion with respect to a payment to be made to the Participant's beneficiary, and if so requested by the Administrator, the provision of such confirmation of death shall be a precondition to payment to the Participant's beneficiary."

5. Section 5(g)(ii) is amended by replacing the word "monthly" each place it occurs in such Section with the word "biweekly."

In Witness Whereof, the Company has caused this Amendment to be signed by its duly authorized officer this 31<sup>st</sup> day of December, 2008.

CABOT CORPORATION

By: /s/ Robby D. Sisco

Its: Vice President-Human Resources

AMENDMENT NO. 3

TO CABOT CORPORATION

AMENDED AND RESTATED DEFERRED COMPENSATION PLAN

Pursuant to Section 9 of the Cabot Corporation Amended and Restated Deferred Compensation Plan (the "Plan"), the Plan is hereby amended as follows:

1. Effective January 1, 2013, Section 4(a) is amended by deleting in clause (i) the words "an amount equal to 10% of any base salary" and inserting in their place the words: "in the case of a Participant who is an Eligible Employee of Cabot Corporation, Cabot Specialty Fluids, Inc. or Oxonica Materials, Inc., an amount equal to 10% of Eligible Pay, as "Eligible Pay" is defined in Section 2.10(i), and in the case of a Participant who is an Eligible Employee of Norit Americas, Inc., an amount equal to 10% of base salary."
2. Effective July 28, 2010, Oxonica Materials, Inc. (OMI), is added to the list of "Employers Participating in the Plan" in Appendix A.
3. Effective December 31, 2012, Norit Americas, Inc. is added to the list of "Employers Participating in the Plan" in Appendix A.

IN WITNESS WHEREOF, Cabot Corporation has caused this instrument of amendment to be executed by its duly authorized officer this 7th day of December, 2012.

CABOT CORPORATION

By: /s/ Robby D. Sisco

Name: Robby D.Sisco

Title: Senior Vice President



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APPENDIX B

(Non-employee Directors' Stock Deferral Plan as amended and in effect December 31, 2013)

**CABOT CORPORATION**

**NON-EMPLOYEE DIRECTORS' STOCK DEFERRAL PLAN**  
(ADOPTED JULY 14, 2006)

**PURPOSE.**

The purpose of the Cabot Corporation Non-Employee Directors' Stock Deferral Plan (the "Plan") is to set forth certain terms and conditions governing the deferral of receipt of Common Stock awarded to Non-employee Directors under the Cabot Corporation Non-Employee Directors' Stock Compensation Plan (the "Non-employee Directors' Stock Plan"). Capitalized terms used but not defined herein shall have the meanings assigned to them under the Non-employee Directors' Stock Plan. The Plan shall be interpreted and implemented in a manner so that eligible Non-employee Directors will not fail, by reason of the Plan or its implementation, to be "non-employee directors" within the meaning of Rule 16(b)3 of the Securities Exchange Act of 1934, as such Rule and such Act may be amended.

1. **Deferral Election.**

- a. A Non-employee Director may defer the receipt of up to 100% of any Common Stock awarded under the Non-employee Directors' Stock Plan as compensation for services performed in any calendar year commencing on or after January 1, 2006 by completing and delivering a deferral election in accordance with Section 1(b) below not later than December 31 of the preceding year (or such earlier date as may be specified by the Administrator). Any individual who becomes a Non-employee Director after January 1 of any year may elect within 30 days after becoming a Non-employee Director to defer the receipt of up to 100% of any Common Stock awarded under the Non-employee Directors' Stock Plan as compensation for services performed in the remainder of such calendar year by completing and delivering a deferral election in accordance with Section 1(b) below within such 30-day period.
- b. Each deferral election shall be made in writing on a form prescribed by the Administrator. The Administrator may condition the effectiveness of any election upon the delivery by the Non-employee Director of such other form or forms as the Administrator may prescribe. A deferral election for a particular calendar year shall be irrevocable once that year has begun or upon such earlier date as may be specified by the Administrator (or in the case of an initial year of participation described in (a) above, once the 30-day election period has expired).

2. Accounts.

- a. For each share of Common Stock deferred hereunder there shall be credited to a memorandum account on the books of the Company (each, an "Account") a unit representing one share of Common Stock (each, a "Stock Unit").
- b. If the outstanding Common Stock shall at any time be changed by recapitalization, consolidation, combination, stock dividend or split, reverse stock split, conversion or similar change in capitalization, the Administrator shall make appropriate equitable adjustments in the number and nature of Stock Units then credited to the Account consistent with the changes being made to the securities underlying such Stock Units.
- c. On the payment date of any cash dividend with respect to Common Stock, there shall be credited to the Account of each participant in the Plan an amount in cash equal to the dividend that would have been payable on the Stock Units then credited to the Account had such Stock Units been outstanding shares of Common Stock. The cash amount credited to each Account shall be periodically adjusted for notional interest using the "Moody's Rate" as that term is defined in, and as such rate is from time to time determined under, the Company's Deferred Compensation Plan.
- d. Stock Units do not carry voting rights and a Non-employee Director has no rights as a stockholder of the Company by virtue of participation in the Plan except as to Common Stock distributed to him or her pursuant to the Plan.

3. Distributions.

- a. Common Stock equal in number to the number of Stock Units credited to the Account and cash credited to an Account shall be paid as soon as practicable to the Non-employee Director (or his or her designated beneficiary, in the event of death) in accordance with a payment option selected by such Director. The Non-employee Director shall select one of the following payment options at the time such Director makes an election pursuant to Section 1:
  - (1) A lump sum as of March 31 of any designated year within the ten (10) year period that begins with the calendar year for which shares were deferred; provided that such designated year may not be earlier than the third anniversary of the beginning of the deferral period;
  - (2) A lump sum as of the last day of the quarter during which the Non-employee Director separates from service with the Company within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and guidance promulgated thereunder ("Section 409A"); or
  - (3) Up to ten (10) annual installments commencing as of the last day of the quarter during which the Non-employee Director separates from service with the Company within the meaning of Section 409A, with subsequent installments to be made as of January 31 of each consecutive year.

- b. If the Non-employee Director has selected installment payments, each installment payment shall consist of (i) shares of Common Stock equal to the number of Stock Units then credited to the Account divided by the number of remaining installments, rounded down to the nearest whole share, plus (ii) cash equal to the cash then credited to the Account divided by the number of remaining installments. During any period of installment payments, any Common Stock and cash then credited to the Account shall continue to be adjusted in accordance with Section 2.
- c. A Non-employee Director may change an election regarding the time and form of distributions made pursuant to Section 3(a), provided, however, that such change (i) does not take effect until at least twelve months after the date on which the election is made, (ii) is made on or before the date one year prior to the Director's separation from service within the meaning of Section 409A, (iii) is made on or before the date one year prior to the termination of a deferral period elected pursuant to Section 3(a)(1), if any, and (iv) except with respect to payments upon the death of such Director, defers for a period of not less than five years the payment of a lump sum or the commencement of installment payments from the date a lump sum payment would otherwise have been made or installment payments would otherwise have commenced. Notwithstanding the foregoing, a Non-employee Director may have only one form of payment election in effect at any time, and it shall control the manner in which the entirety of his or her Account will be paid. The provisions of this Section 3(c) are intended to comply with and shall be construed to comply with Section 409A.
- d. Immediately prior to and contingent on the consummation of a change of control within the meaning of Section 409A, the Administrator shall distribute to each participant a single payment of shares of Common Stock equal in number to the number of Stock Units then credited to such participant's Account plus a single lump sum payment of cash equal to the cash amounts, if any, then credited to the Account. Notwithstanding the foregoing, if the Change of Control is one in which stockholders of the Company will receive upon consummation of the Change of Control a payment (whether cash, non-cash or a combination of the foregoing), the Administrator may provide for payment, with respect to some or all of the Common Stock represented by the Stock Units credited to a participant's Account, equal to the fair market value of such Common Stock, as determined by the Administrator in good faith, on such payment terms (which need not be the same as the terms of payment to stockholders) and other terms, and subject to such conditions, as the Administrator determines.

4. Beneficiary Designation.

Any beneficiary designation for purposes of this Plan shall be made on such form and pursuant to such administrative rules as the Administrator may prescribe. In the absence of a valid beneficiary designation, a Non-employee Director's beneficiary for purposes of this Plan shall be deemed to be his or her estate.

5. General Provisions.

- a. No Non-employee Director and no beneficiary or other person claiming under or through such Non-employee Director shall have any right, title or interest by reason of this Plan to any particular assets of the Company. The Company shall not be required to establish any fund or make any other segregation of assets to assure the payment of any Common Stock or cash credited to an Account under the Plan. No right under the Plan shall be subject to anticipation, sale, assignment, pledge, encumbrance or charge except by will or the law of descent and distribution.
- b. Notwithstanding any other provision of the Plan or agreements made pursuant hereto, the Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan until (i) the Company is satisfied that all legal matters in connection with the issuance and delivery of such shares have been addressed and resolved; (ii) if the outstanding Common Stock is at the time of delivery listed on any stock exchange or national market system, the shares to be delivered have been listed or authorized to be listed on such exchange or system upon office notice of issuance; and (iii) all conditions of the award have been satisfied or waived.
- c. In no event shall the Company be required to issue a fractional share hereunder.
- d. The issuance of shares to Non-employee Directors or to their legal representatives shall be subject to any applicable taxes or other laws or regulations of the United States of America or any state or commonwealth having jurisdiction thereover.
- e. With respect to Common Stock deferred by a Non-employee Director for services in calendar year 2005 and in subsequent years, including any dividends credited with respect thereto, the Plan is intended to comply with the requirements of Section 409A of the Code and shall be construed accordingly. With respect to Common Stock deferred (within the meaning of Section 409A) by a Non-employee Director on or before December 31, 2004 (including any dividends credited with respect thereto) under the Non-Employee Directors' Stock Compensation Plan adopted in 1992, such deferrals are intended to be grandfathered for purposes of Section 409A and therefore exempt from Section 409A.
- f. Limitation of Liability. Notwithstanding anything to the contrary in the Plan, no Employer, nor the Administrator, nor any person acting on behalf of any Employer or the Administrator, shall be liable to any Non-employee Director or to the estate or beneficiary of such Director by reason of any acceleration of income, or any additional tax, asserted by reason of the failure of any deferral to satisfy the requirements of Section 409A of the Code.

6. Administration.

The Plan is administered by the Governance and Nominating Committee of the Board of Directors (the "Administrator"). The Administrator shall have the authority to establish, amend and revoke from time to time rules and regulations relating to the Plan. The Administrator has the complete authority to construe the terms of the Plan and make all other determinations and take all other actions assigned to the Administrator under the Plan. The Administrator has the authority to interpret the Plan and decide any questions and settle all controversies and disputes that may arise in connection with the Plan. Determinations of the Administrator are conclusive and binding on all parties. No member of the Administrator shall be personally liable for any action or determination under the Plan to the extent permitted by law.

7. Effective Date; Termination and Amendment.

- a. The Plan shall become effective on the date of its adoption by the Board of Directors.
- b. The Administrator may terminate the Plan or make such modifications or amendments to the Plan as it may deem advisable. Notwithstanding anything contained herein to the contrary, however, no amendment may be made and no distribution may be made upon termination of the Plan, or otherwise, if such amendment or such distribution would constitute an impermissible acceleration of payment under Section 409A of the Code.

AMENDMENT NO. 1  
TO  
CABOT CORPORATION  
NON-EMPLOYEE DIRECTORS' STOCK DEFERRAL PLAN

Cabot Corporation, a Delaware corporation (the "Company"), pursuant to Section 7(b) of the Cabot Corporation Non-employee Directors' Stock Deferral Plan (the "Plan"), hereby amends the Plan, as follows, effective from July 14, 2006 (which was the date of adoption of the Plan by the Board of Directors):

Section 3(c) is amended by adding the following sentence at the end of such Section:

"Notwithstanding the above, the Administrator may permit Non-employee Directors to change an election regarding the time and form of distributions to be made pursuant to Section 3(a) without meeting the requirements of this Section 3(c), pursuant to such procedures as the Administrator may determine in its discretion, to the extent permitted by transition guidance issued under Section 409A."

In Witness Whereof, the Company has caused this Amendment to be signed by its duly authorized officer this 9th day of November, 2007.

CABOT CORPORATION

By: /s/ Robby D. Sisco

Its: Vice President-Human Resources

CABOT CORPORATION

NON-EMPLOYEE DIRECTORS' STOCK COMPENSATION PLAN  
(adopted at 1992 annual meeting of shareholders)

1. Purpose.

The purpose of the Cabot Corporation Non-Employee Directors' Stock Compensation Plan (the "Plan") is to advance the interests of Cabot Corporation and its stockholders by helping to attract and retain highly qualified, non-employee directors. The Plan shall be interpreted and implemented in a manner so that eligible Non-employee Directors will not fail, by reason of the Plan or its implementation, to be "disinterested persons" within the meaning of Rule 16(b)3 of the Securities Exchange Act of 1934, as such Rule and such Act may be amended.

2. Definition.

Unless the context clearly indicates otherwise, the following terms when used in the Plan shall have the meanings set forth in this section:

- a. "Board of Directors" shall mean the Board of Directors of the Company.
- b. "Company" shall mean Cabot Corporation, a Delaware corporation, or its successor.
- c. "Non-employee Directors" shall mean any member of the Board of Directors who is not also an employee of the Company or any of its affiliates.
- d. "Common Stock" shall mean the shares of common stock of the Company, \$1 par value per share.

3. Shares of Common Stock Subject to the Plan.

Common Stock may be shares of the Company's authorized but unissued or reacquired shares of Common Stock.

4. Eligibility.

Only Non-employee Directors shall be eligible to receive shares of Common Stock under the Plan.

5. Awards of Common Stock.

On the date of the January meeting of the Board of Directors (or if no such meeting is held, on January 15th) in each fiscal year of the Company, the Company shall issue 400 shares of Common Stock to each Non-employee Director as a portion of his or her annual compensation received as a Non-employee Director. In the event the Director is first elected after the commencement of the fiscal year, the shares issuable to him or her shall be prorated.

6. Adjustments.

In the event of any reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, issuance of rights or any other change in the capital structure of the Company, the number of shares of Common Stock to be issued hereunder shall be equitably adjusted to reflect the occurrence of such event.



7. General Provisions.

- a. No Non-employee Director and no beneficiary or other person claiming under or through such Non-employee Director shall have any right, title or interest by reason of this Plan or any share of Common Stock to any particular assets of the Company. The Company shall not be required to establish any fund or make any other segregation of assets to assure the award of Common Stock hereunder.
- b. No right under the Plan shall be subject to anticipation, sale, assignment, pledge, encumbrance or charge except by will or the law of descent and distribution.
- c. Notwithstanding any other provision of the Plan or agreements made pursuant hereto, the Company shall not be required to issue or deliver any certificate for shares of Common Stock under this Plan prior to fulfillment of all of the following conditions:
  1. Any required listing or approval upon notice of issuance of such shares on any securities exchange on which the Common Stock may then be traded.
  2. Any registration or other qualification of such shares under any state or federal law or regulation or other qualification which the Board of Directors shall upon the advice of counsel deem necessary or advisable.
  3. The obtaining of any other required consent or approval or permit from any state or federal government agency.
- d. In no event shall the Company be required to issue a fractional share hereunder.
- e. The issuance of shares to Non-employee Directors or to their legal representatives shall be subject to any applicable taxes or other laws or regulations of the United States of America or any state or commonwealth having jurisdiction thereover.

8. Effective date: Termination and Amendment.

- a. This Plan shall become effective on the date of its adoption by the Board of Directors provided, however, that any grants made under the Plan prior to its approval by the holders of a majority of the outstanding shares of Common Stock and Series B ESOP Convertible Preferred Stock of the Company voted either in person or by proxy at a duly held meeting of the stockholders of the Company shall be subject to such approval.

- b. The Plan shall terminate on the date that occurs 20 years after its effective date. The Board of Directors may also terminate the Plan or make such modifications or amendments to the Plan as it may deem advisable, provided, however, that the Board of Directors may not amend the Plan:
- (1) more often than once every six months, other than to comport with changes in the Internal Revenue Code, the Employee Retirement Income Security Act, or the rules thereunder; and
  - (2) without the affirmative vote of the holders of a majority of the outstanding shares of Common Stock and Series B ESOP Convertible Preferred Stock entitled to vote for any of the following purposes:
    - (i) increase the maximum number of shares of Common Stock which may be awarded under the Plan;
    - (ii) extend the period during which any shares of Common Stock may be awarded;
    - (iii) change the requirements as to the classes of persons eligible to receive shares of Common Stock under the Plan; or
    - (iv) make any other amendment to the Plan for which approval by the stockholders of the Company is required pursuant to any applicable law or rule.

CABOT CORPORATION  
NON-EMPLOYEE DIRECTORS' STOCK COMPENSATION PLAN

First Amendment

Pursuant to the terms of the Cabot Corporation Non-Employee Directors' Stock Compensation Plan (the "Plan"), Cabot Corporation (the "Company"), as authorized by its Board of Directors, hereby amends the Plan as follows, effective as to shares of common stock of the Company issuable under the Plan in fiscal years of the Company ended after 2003:

1. Section 1 of the Plan is hereby amended by deleting the words "disinterested persons" and inserting in their place the words "non-employee directors".

2. Section 4 of the Plan is hereby amended to read in its entirety as follows:

"4. Eligibility.

Only Non-employee Directors shall be eligible to participate in the Plan."

3. Section 5 of the Plan is hereby amended to read in its entirety as follows:

"On the date of the January meeting of the Board of Directors (or if no such meeting is held, on January 15<sup>th</sup>) in each fiscal year of the Company, the Company shall issue 2,000 shares of Common Stock to each Non-employee Director as a portion of his or her annual compensation received as a Non-employee Director. In the event the Director is first elected after the commencement of the fiscal year, the shares issuable to him or her shall be prorated. Notwithstanding the foregoing, the shares otherwise issuable to any Non-employee Director who has elected deferral pursuant to Section 8 below shall be issued on a deferred basis in accordance with Section 8."

4. Section 5 of the Plan is hereby redesignated as Section 9, and a new Section 8 is added immediately prior thereto to read in its entirety as follows:

"8. Deferral.

- a. Not later than the preceding September 15 except as provided in the following sentence, a Non-employee Director may elect as hereinafter provided to defer the receipt of any shares that would otherwise have been issuable to the Non-employee Director on the January date specified in Section 5. An individual who becomes a Non-employee Director after September 15 but before January 1 may elect as hereinafter provided, within thirty (30) days after becoming a Non-employee Director but before said January 1, to defer receipt of the prorated share award that would otherwise have been issuable in said January.

- b. Each election to defer under this Section 8 shall be made on such form and pursuant to such administrative rules as the Board of Directors or its delegate may prescribe.
- c. For each share of Common Stock deferred hereunder there shall be credited to a memorandum account on the books of the Company (each, an "Account") a unit representing one share of Common Stock (each, a "Stock Unit"). Stock Units credited to a participant's Account shall be subject to adjustment on the same basis as shares of Common Stock pursuant to Section 6 above. On the payment date of any cash dividend with respect to the Common Stock, there shall be credited to the Account of each participant in the Plan an amount equal to the dividend that would have been payable on the Stock Units then credited to the Account had such Stock Units been outstanding shares of Common Stock. The cash amount so credited to each Account shall be periodically adjusted for notional interest using the "Moody's Rate" as that term is defined in, and as such rate is from time to time determined under, the Company's Deferred Compensation Plan.
- d. As soon as practicable following the retirement, death or other termination of service on the Board of Directors of any Non-employee Director for whom an Account is maintained hereunder, there shall be paid to the Non-employee Director (or to his or her designated beneficiary, in the event of death) shares of Common Stock equal in number to the number of Stock Units then credited to the Account plus cash equal to the cash amounts, if any, then credited to the Account. Notwithstanding the foregoing, if the Non-employee Director so elects not later than one (1) year prior to retirement, death or other termination, his or her Account shall instead be paid out in annual installments over a period not to exceed ten (10) years, with each such installment consisting of (i) shares of Common Stock equal to the number of Share Units then credited to the Account divided by the number of remaining installments, rounded down to the nearest whole share, plus (ii) cash equal to the cash then credited to the Account divided by the number of remaining installments. During any installment payout period, amounts credited to the Account shall continue to be adjusted for notional dividends and interest in accordance with this Section 8.
- e. Any beneficiary designation for purposes of this Section 8 shall be made on such form and pursuant to such administrative rules as the Board of Directors or its delegate may prescribe. In the absence of a valid beneficiary designation, a Non-employee Director's beneficiary for purposes of this Section 8 shall be deemed to be his or her estate."

5. Section 9 of the Plan (as hereinabove redesignated) is hereby amended by deleting clause b.(l).

IN WITNESS WHEREOF, Cabot Corporation has caused this instrument of amendment to be executed this 10th day of January, 2003 by its officer duly authorized thereto.

CABOT CORPORATION

By: /s/ Robby D. Sisco

Name: Robby D. Sisco

Title: Vice President

**Principal Executive Officer Certification**

I, Patrick M. Prevost, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cabot Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2014

/s/ PATRICK M. PREVOST

Patrick M. Prevost

*President and Chief Executive Officer*

**Principal Financial Officer Certification**

I, Eduardo E. Cordeiro, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cabot Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2014

/s/ EDUARDO E. CORDEIRO

Eduardo E. Cordeiro

*Executive Vice President and Chief Financial Officer*

**Certifications Pursuant to 18 U.S.C. Section 1350,  
as Adopted Pursuant to Section 906 of the  
Sarbanes-Oxley Act of 2002**

In connection with the filing of the Quarterly Report on Form 10-Q for the quarter ended December 31, 2013 (the "Report") by Cabot Corporation (the "Company"), each of the undersigned hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

1. The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ PATRICK M. PREVOST*

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Patrick M. Prevost  
*President and Chief Executive Officer*  
February 6, 2014

*/s/ EDUARDO E. CORDEIRO*

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Eduardo E. Cordeiro  
*Executive Vice President and  
Chief Financial Officer*  
February 6, 2014