

CABOT CORPORATION RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

All dollar amounts shown below are in millions, except per share information

	Fiscal 2018 ^(A)				
	Dec. Q	Mar. Q	Jun. Q	Sept. Q	FY 2018
Reconciliation of Adjusted EPS to GAAP EPS					
Net income (loss) per share attributable to Cabot Corporation	\$ (1.98)	\$ (2.80)	\$ —	\$ —	\$ (4.78)
Less: Certain items after tax	(2.89)	(3.81)	—	—	(6.70)
Less: Dilutive impact of shares ^(B)	(0.02)	(0.03)	—	—	(0.05)
Adjusted earnings per share	\$ 0.93	\$ 1.04	\$ —	\$ —	\$ 1.97

^(A) Per share amounts are calculated after tax and, where applicable, noncontrolling interest, net of tax.

^(B) Due to the Company's Net Loss position, GAAP EPS has been calculated using basic weighted average shares only to avoid anti-dilution. However, in order to provide an Adjusted Non-GAAP EPS with a weighted average share figure that is consistent with all other periods presented, the Company has included this reconciling item to quantify the difference between basic and diluted weighted average shares. The net loss for the three and six months ended March 31, 2018 is driven by a discrete tax item and impairment charges so the Company believes this approach provides the most comparable presentation possible.

	Fiscal 2018				
	Dec. Q	Mar. Q	Jun. Q	Sept. Q	FY 2018
Reconciliation of Segment EBIT to Net Income and Segment EBITDA Margin					
Net income (loss) attributable to Cabot Corporation	\$ (122)	\$ (173)	\$ -	\$ -	\$ (295)
Net income (loss) attributable to noncontrolling interests	10	10	-	-	20
Equity in earnings of affiliated companies, net of tax	(1)	(1)	-	-	(2)
Provision (benefit) for income taxes	205	(7)	-	-	198
Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies	\$ 92	\$ (171)	\$ -	\$ -	\$ (79)
Interest expense	13	14	-	-	27
Certain items	(7)	264	-	-	257
Unallocated corporate costs	14	16	-	-	30
General unallocated (income) expense	-	3	-	-	3
Equity in earnings of affiliated companies	1	1	-	-	2
Total Segment EBIT	\$ 113	\$ 127	\$ -	\$ -	\$ 240
Plus: Total Depreciation & Amortization	39	40	-	-	79
Plus: Adjustments to Depreciation ^(C)	-	1	-	-	1
Total Segment EBITDA	\$ 152	\$ 168	\$ -	\$ -	\$ 320
Less: Unallocated Corporate Costs	(14)	(16)	-	-	(30)
Adjusted EBITDA	\$ 138	\$ 152	\$ -	\$ -	\$ 290

	Dec. Q	Mar. Q	Jun. Q	Sept. Q	FY 2018
Reinforcement Materials EBIT	\$ 62	\$ 79	\$ -	\$ -	\$ 141
Plus: Depreciation & Amortization	17	18	-	-	35
Reinforcement Materials EBITDA	\$ 79	\$ 97	\$ -	\$ -	\$ 176
Reinforcement Materials Sales	\$ 387	\$ 454	\$ -	\$ -	\$ 841
Reinforcement Materials EBITDA Margin	20%	21%	-%	-%	21%

	Dec. Q	Mar. Q	Jun. Q	Sept. Q	FY 2018
Performance Chemicals EBIT	\$ 47	\$ 57	\$ -	\$ -	\$ 104
Plus: Depreciation & Amortization	12	12	-	-	24
Performance Chemicals EBITDA	\$ 59	\$ 69	\$ -	\$ -	\$ 128
Performance Chemicals Sales	\$ 229	\$ 268	\$ -	\$ -	\$ 497
Performance Chemicals EBITDA Margin	26%	26%	-%	-%	26%

	Dec. Q	Mar. Q	Jun. Q	Sept. Q	FY 2018
Purification Solutions EBIT	\$ 6	\$ (6)	\$ -	\$ -	\$ -
Plus: Depreciation & Amortization	10	10	-	-	20
Purification Solutions EBITDA	\$ 16	\$ 4	\$ -	\$ -	\$ 20
Purification Solutions Sales	\$ 70	\$ 66	\$ -	\$ -	\$ 136
Purification Solutions EBITDA Margin	23%	6%	-%	-%	15%

	Dec. Q	Mar. Q	Jun. Q	Sept. Q	FY 2018
Specialty Fluids EBIT	\$ (2)	\$ (3)	\$ -	\$ -	\$ (5)
Plus: Depreciation & Amortization	-	1	-	-	1
Specialty Fluids EBITDA	\$ (2)	\$ (2)	\$ -	\$ -	\$ (4)
Specialty Fluids Sales	\$ 6	\$ 6	\$ -	\$ -	\$ 12
Specialty Fluids EBITDA Margin	(33%)	(33%)	-%	-%	(33%)

	Fiscal 2018				
	Dec. Q	Mar. Q	Jun. Q	Sept. Q	FY 2018
Reconciliation of Discretionary Free Cash Flow					
Cash flow from operating activities ^(D)	45	36	-	-	81
Less: Changes in net working capital ^(E)	(50)	(65)	-	-	(115)
Less: Sustaining and compliance capital expenditures	42	34	-	-	76
Discretionary Free Cash Flow	\$ 53	\$ 67	\$ -	\$ -	\$ 120

^(C) Adjustments to depreciation includes the addition of the depreciation expense of a contractual joint venture in Purification Solutions less accelerated depreciation expense not allocated to a business.

^(D) As provided in the Condensed Consolidated Statement of Cash Flows.

^(E) Defined as changes in accounts receivable, inventory and accounts payable and accrued liabilities as presented on the Condensed Consolidated Statement of Cash Flows.