CABOT CORP
Form 424B2
July 10, 2012
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CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Proposed maximum aggregate offering price**	**Amount of registration fee(1)**
2.55% Notes due 2018	$250,000,000	$28,650
3.70% Notes due 2022	$350,000,000	$40,110
Total	$600,000,000	$68,760

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended, and relates to the Registration Statement on Form S-3 (File No. 333-162021) filed by the registrant. Calculated as the product of the proposed maximum aggregate offering price and 0.00011460.

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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-162021

Prospectus Supplement

(To Prospectus dated September 21, 2009)

Cabot Corporation

$250,000,000 2.55% Notes due 2018

$350,000,000 3.70% Notes due 2022

We are offering $250,000,000 principal amount of 2.55% notes due 2018 (the 2018 Notes) and $350,000,000 principal amount of 3.70% notes due 2022 (the 2022 Notes and, together with the 2018 Notes, the notes).

We will pay interest on the notes on January 15 and July 15 of each year, beginning January 15, 2013. The notes will be issued only in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

We may redeem the notes, in whole or in part, at any time and from time to time prior to their maturity at the redemption prices described under Description of notes Optional redemption. If we experience a change of control triggering event, we will be required to offer to purchase the notes from holders at the applicable price as described under Description of notes Change of control triggering event.

We intend to use the net proceeds from this offering to finance a portion of our acquisition of Norit N.V., or Norit, as described herein. If the Norit acquisition has not closed by December 31, 2012 or if an Acquisition Termination Event (as defined herein) occurs, we will be required to redeem the notes, in whole but not in part, at a redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest on the notes to the date of redemption. See Description of notes Special mandatory redemption.

The notes will be unsecured and will rank equally with all of our other unsecured indebtedness from time to time outstanding.

See Risk factors beginning on page S-10 of this prospectus supplement for a discussion of certain risks that you should consider in connection with an investment in the notes.

	Price to public(1)	**Underwriting discounts and commissions**	**Proceeds, before expenses, to us**
Per 2018 Note	99.872%	0.60%	99.272%
Total	$249,680,000	$1,500,000	$248,180,000
Per 2022 Note	99.892%	0.65%	99.242%
Total	$349,622,000	$2,275,000	$347,347,000

(1) Plus accrued interest, if any, from July 12, 2012, if settlement occurs after that date.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

The underwriters expect to deliver the notes to purchasers through the book-entry delivery system of The Depository Trust Company and its participants, including Euroclear Bank, S.A./N.V. and Clearstream Banking, societé anonyme, on or about July 12, 2012.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if this prospectus supplement or the accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint book-running managers

J.P. Morgan **Citigroup**

Senior co-managers

Morgan Stanley **BofA Merrill Lynch** **Mizuho Securities**

Co-managers

TD Securities **HSBC**

RBS

US Bancorp

July 9, 2012

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No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus supplement. You must not rely on any unauthorized information or representations. This prospectus supplement is an offer to sell only the notes offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement is current only as of its date.

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Prospectus supplement

Prospectus

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About this prospectus supplement

This prospectus supplement contains the terms of this offering of notes. This prospectus supplement, or the information incorporated by reference into this prospectus supplement and the accompanying prospectus, may add, update or change information in the accompanying prospectus. If information in this prospectus supplement, or the information incorporated by reference into this prospectus supplement and the accompanying prospectus, is inconsistent with the accompanying prospectus, this prospectus supplement or the information incorporated by reference into this prospectus supplement and the accompanying prospectus will apply and will supersede that information in the accompanying prospectus. Generally, when we refer to the prospectus, we are referring to both the prospectus supplement and the accompanying prospectus.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any person to provide you with different information. If any person provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus is accurate only as of the respective dates thereof. Our business, financial condition, results of operations and prospects may have changed since those dates.

When we refer to Cabot, Company, we, our, the issuer and us in this prospectus supplement and the accompanying prospectus, we mean Corporation, including, unless the context otherwise requires, its subsidiaries (both before and after completion of the Norit acquisition), except in the section entitled Description of notes where we mean Cabot Corporation alone. References to Norit refer to Norit N.V. and its consolidated subsidiaries. When we refer to you or yours, we mean the holders of the notes offered hereby. In this prospectus supplement, we refer to the Norit acquisition and the related transactions, including the issuance of the notes offered hereby, the borrowing of funds under our revolving credit facility and the payment of related fees and expenses, as the Transactions.

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Cautionary note regarding forward-looking statements

This prospectus supplement contains forward-looking statements under the federal securities laws. These forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, the effects of competition, and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words believe, expect, plan, intend, anticipate, estimate, predict, potential, continue, may, should terms or similar expressions.

Forward-looking statements are based on our current expectations, assumptions, estimates and projections about Cabot s businesses and strategies, the Norit acquisition, 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.

For discussions of certain risks, uncertainties and contingencies that might affect such forward-looking statements, please see Risk factors beginning on page S-10 in this prospectus supplement and in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011, which is incorporated by reference. These risks and uncertainties could cause our results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that we are unable to predict at this time or that we currently do not expect to have a material adverse effect on our business.

We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Investors are advised, however, to consult any further disclosures we make on related subjects in future 10-K, 10-Q and 8-K reports filed with the Securities and Exchange Commission (the SEC).

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Prospectus supplement summary

This summary highlights selected information appearing elsewhere in this prospectus supplement and may not contain all of the information that is important to you. You should carefully read this prospectus supplement and the accompanying base prospectus in their entirety, including the documents incorporated by reference.

The Company

Cabot s business was founded in 1882. Cabot is a global specialty chemicals and performance materials company headquartered in Boston, Massachusetts. Our principal products are rubber and specialty grade carbon blacks, fumed metal oxides, inkjet colorants, aerogels and cesium formate drilling fluids. Cabot and its affiliates have manufacturing facilities and operations in the United States and approximately 20 other countries.

Our strategy is to deliver earnings growth through leadership in performance materials. We intend to achieve this goal by focusing on margin improvement, capacity expansion and emerging market growth, developing new products and businesses and actively managing our portfolio of businesses.

Our products are generally based on technical expertise and innovation in one or more of our three core competencies: making and handling very fine particles; modifying the surfaces of very fine particles to alter their functionality; and designing particles to impart specific properties to a composite. We focus on creating particles with the composition, morphology, surface functionalities and formulations to support existing and emerging applications.

We are organized into four business segments: the Core Segment, the Performance Segment, the New Business Segment and the Specialty Fluids Segment. We are also organized into three geographic regions: The Americas, which includes North and South America; Europe, Middle East and Africa; and Asia Pacific, including China.

We are incorporated in the state of Delaware and our principal executive offices are located at Two Seaport Lane, Suite 1300, Boston, Massachusetts 02210. Our internet address is www.cabot-corp.com. We make available free of charge on or through our internet website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after electronically filing such material with, or furnishing it to, the SEC. The information contained in our website has not been, and shall not be deemed to be, incorporated by reference into this prospectus supplement and the accompanying prospectus.

Proposed Norit acquisition

On June 20, 2012, the Company and N Beta S.à r.l. (the Seller), an affiliate of Doughty Hanson & Co Managers Limited and Euroland Investments B.V., entered into an Agreement (the Agreement) pursuant to which, subject to the terms and conditions set forth in the Agreement, the Company agreed to purchase from the Seller all of the issued and outstanding share capital of Norit for a purchase price of $1.1 billion.

Each party s obligation to complete the transaction is subject to the fulfillment of certain conditions, including, (i) expiration or termination of the applicable waiting period under the

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United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder, (ii) the transaction having been cleared by the German antitrust authority or deemed to be cleared pursuant to the lapse of the applicable waiting period, (iii) Dutch works council consultation and advice, (iv) subject to certain exceptions, the accuracy of the warranties of the other party contained in the Agreement, and (v) material performance and compliance of the other party with its agreements and obligations contained in the Agreement. The Agreement is not subject to a financing condition.

The transaction is expected to close by the end of calendar year 2012, although there can be no assurance that the transaction will occur within the expected timeframe or at all.

Norit is a global leader in the research, development, manufacturing and sale of high-grade activated carbons used in a growing range of environmental, health, safety and industrial applications. Its purification technologies are widely used to remove pollutants, contaminants and other impurities from water, air, food and beverages, pharmaceutical products and other liquids and gases in an efficient and cost-effective manner. Its activated carbon solutions, which can be produced in powdered or granular forms, also serve a variety of uses as colorants, carriers or catalysts in industrial processes. Norit produces a diverse array of products with over 150 different activated carbon formulations engineered from a wide range of raw materials, including lignite, peat, bituminous coal and wood. On-site systems and services, and reactivation solutions, complement the diverse activated carbon product offering to help meet customers specific needs.

Norit has a global base of approximately 3,000 customers that includes manufacturers, municipalities and utilities that use its products in a wide range of end markets, including gas and air, water treatment, pharmaceuticals, food and beverage, chemicals, industrial catalysts, energy, power and mining. Its products are sold globally into over 100 countries principally through company sales offices, as well as through a network of regional agents and distributors. Norit has developed long-standing relationships with many customers, which are often supported by long-term or take-or-pay contractual arrangements. Norit either owns directly or through joint ventures or other investments ten production locations in the United States, Canada, Mexico, Brazil, The Netherlands, the United Kingdom and Italy. In 2011, 63% of Norit s production by volume sold, excluding volumes from investments in Mexico and Brazil, was in North America and 37% in Europe.

For the twelve months ended December 31, 2011, Norit had revenues of $360.3 million, income from operations of $85.9 million and a net loss of $5.7 million.

The global demand for activated carbon is driven by a variety of environmental, health and safety concerns and related regulations. Norit expects demand for its products to be influenced by regulation in North America, the European Union and elsewhere in the following areas, among others:

- the removal of mercury from flue gas in North American coal-fired utilities;
- the removal of disinfection byproducts from drinking water in the United States;
- the removal of mercury from cement kiln and industrial boiler emissions in the United States;
- the removal of contaminants from groundwater and surface water in the European Union; and
- evaporative emissions controls in vehicles and other combustion engines.

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Our purchase of Norit supports our ongoing transformation to a higher margin, less cyclical, specialty chemicals and performance materials company. Norit s technology leadership in activated carbons is a natural extension of our core R&D and applications development competencies, and the acquisition provides us with a new growth platform through participation in customer tailored environmental and purification solutions. In addition, we believe we will be able to leverage our global footprint and technology to accelerate Norit s growth, and apply our manufacturing operations excellence expertise to improve Norit s capital efficiency and project execution. Adding this growth and higher margin business to Cabot s portfolio strengthens our specialty chemicals product offerings.

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The offering

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. For a more detailed description of the terms and conditions of the notes, see the section entitled Description of notes in this prospectus supplement and Description of debt securities in the accompanying prospectus.

Issuer	Cabot Corporation
Notes offered	$250,000,000 aggregate principal amount of 2.55% notes due 2018
	$350,000,000 aggregate principal amount of 3.70% notes due 2022
Maturity	The 2.55% notes due 2018 will mature on January 15, 2018
	The 3.70% notes due 2022 will mature on July 15, 2022
Interest	2.55% per year for 2.55% notes due 2018
	3.70% per year for 3.70% notes due 2022
Interest payment dates	January 15 and July 15 of each year, beginning January 15, 2013
Ranking	The notes:
	are unsecured;
	rank equally with all our existing and future senior debt;
	are senior to any of our future subordinated debt; and
	are effectively subordinated to any of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness.
	The notes are not guaranteed by any of our subsidiaries and will therefore be structurally subordinated to all existing and future indebtedness and other obligations, including trade payables, of our subsidiaries. As of March 31, 2012, on a pro forma basis after giving effect to the Transactions, our subsidiaries would

have had approximately $832 million of external debt, including capital leases, accounts payable and accrued liabilities, outstanding.

As of March 31, 2012, on a pro forma basis after giving effect to the Transactions, we would have had indebtedness of approximately $703 million that ranks equally with the notes and approximately $16 million of secured indebtedness to which the notes are effectively subordinated, to the extent of the value of the assets securing such indebtedness.

Optional redemption

We may redeem, at our option, at any time and from time to time prior to maturity, any and all of the notes, in whole or in part as described in the section entitled Description of notes Optional redemption.

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Special mandatory redemption	If the Norit acquisition has not closed by December 31, 2012 or if an Acquisition Termination Event (as defined below) occurs, we will be required to redeem the notes, in whole but not in part, at a redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest on the notes to the date of redemption. An Acquisition Termination Event means either (1) the Norit acquisition agreement being rescinded or terminated or (2) we determine in our reasonable judgment that the Norit acquisition will not occur. The proceeds of this offering will not be deposited into an escrow account pending any special redemption of the notes. See Description of notes Special mandatory redemption.
Change of control triggering event	Upon the occurrence of a Change of Control Triggering Event (as defined in this prospectus supplement) with respect to a series of notes, we will be required to make an offer to purchase such series of notes at a price equal to 101% of their principal amount plus accrued and unpaid interest to the date of repurchase. See Description of notes Change of control triggering event.
Covenants	The indenture under which the notes will be issued contains covenants for your benefit. These covenants restrict our ability with certain exceptions to: create certain liens; enter into sale and leaseback transactions; and consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis. These covenants are subject to important exceptions and qualifications, which are described in the accompanying base prospectus. For a more detailed description, see Description of debt securities in the accompanying base prospectus.
Further issuances	We may create and issue additional notes of each series of notes offered hereby, ranking equally and ratably with the notes of the same series in all respects, so that such additional notes shall be consolidated with the notes of such series, including for purposes of voting and redemptions.
Form and denomination	The notes will be issued in fully registered form in denominations of $2,000 and in integral multiples of $1,000 in excess thereof.
Use of proceeds	We estimate that we will receive approximately $595,300,000 in net proceeds from this offering, after deducting underwriting discounts and commissions and offering expenses. We intend to use the net

	proceeds from this offering to finance a portion of the Norit acquisition. See Use of proceeds.
No prior market	The notes are new issues of securities with no established trading market. We do not intend to apply for listing of the notes on any securities exchange. The underwriters have advised us that they intend to make a market in each series of the notes, but they are not obligated to do so and may discontinue market-making at any time without notice.
Risk factors	See Risk factors and other information included or incorporated by reference in this prospectus supplement and the accompanying base prospectus for a discussion of factors you should consider carefully before investing in the notes.
Certain tax consequences	You should consult your tax advisor with respect to the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of the notes. See Certain United States federal income tax consequences.
Trustee	U.S. Bank National Association
Governing law	The notes and the indenture governing the notes will be governed by, and construed in accordance with, the laws of the State of New York.

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Summary historical and pro forma combined financial and other data

Summary Cabot Corporation historical financial information

The following table presents summary historical consolidated financial data derived from the consolidated financial statements and related notes thereto of the Company for each of the periods presented. The following data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the year ended September 30, 2011 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, which are incorporated by reference into this prospectus supplement. Results presented as of and for the six-month periods ended March 31, 2012 and March 31, 2011 are unaudited and are not necessarily indicative of full-year results.

	Six months ended				Fiscal year ended
(dollars in millions except for ratios and percentages)	**March 31, 2012**	**March 31, 2011**	**September 30, 2011**	**September 30, 2010**	**September 30, 2009**
Statement of Operations Data					
Net sales and other operating revenues	$ 1,606	$ 1,433	$ 3,102	$ 2,716	$ 2,108
Cost of sales and operating expenses	1,458	1,326	2,859	2,512	2,162
Income (loss) from operations	148	107	243	204	(54)
Interest expense	(19)	(20)	(39)	(40)	(30)
Net income (loss)	296	136	258	169	(75)
Cash Flow Data					
Cash provided by (used in):					
Operating activities	93	58	195	249	399
Investing activities	52	(73)	(232)	(112)	(105)
Financing activities	(62)	(14)	(72)	(57)	(127)
Balance Sheet Data					
Total assets	3,429	3,014	3,141	2,886	2,676
Total debt(a)	687	662	699	652	657
Total stockholders equity	1,878	1,567	1,616	1,417	1,237
Total debt plus stockholders equity	2,565	2,229	2,315	2,069	1,894
Select Ratio					
Total debt /Total debt plus stockholders equity	26.78%	29.70%	30.19%	31.51%	34.69%

(a) Total debt is calculated as the sum of (i) long-term debt, (ii) current portion of long-term debt, and (iii) notes payable to banks.

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Summary pro forma combined financial data

The following table presents summary pro forma combined financial data. The unaudited pro forma combined statement of operations for the six months ended March 31, 2012 combines Cabot s consolidated statement of operations for the six months ended March 31, 2012 with Norit s results from operations from the same period, which were derived by adding Norit s December 31, 2011 carve out combined and consolidated statement of operations to the consolidated operating results for the three months ended March 31, 2012 and subtracting carve out combined and consolidated operating results for the nine months ended September 30, 2011, and gives pro forma effect as if the Transactions had been completed on October 1, 2010. The unaudited pro forma combined balance sheet data combines Cabot s March 31, 2012 consolidated balance sheet with Norit s consolidated March 31, 2012 balance sheet and gives pro forma effect as if the Transactions had been completed on that date. The unaudited pro forma combined statement of operations for the twelve months ended September 30, 2011 combines Cabot s consolidated statement of operations for the twelve months ended September 30, 2011 with amounts derived from Norit s carve out combined and consolidated statement of operations for the twelve months ended December 31, 2011 and gives pro forma effect as if the Transactions had been completed on October 1, 2010. This summary data should be read in conjunction with the more detailed information, including the assumptions and the basis of presentation, included in Unaudited pro forma combined financial statements included elsewhere in this prospectus supplement.

The pro forma information presented is for illustrative purposes only and is not necessarily indicative of the financial position or results of operations that would have been realized if the Transactions had been completed on the date indicated, nor is it indicative of future operating results or financial positions.

(dollars in millions)	**Six months ended March 31, 2012**	**Twelve months ended September 30, 2011**
Unaudited Pro Forma Combined Statement of Operations		
Net sales and other operating revenues	$ 1,781	$ 3,462
Cost of sales	1,419	2,831
Income from operations	167	259
Interest expense	(37)	(78)
Income from continuing operations	101	214

(dollars in millions)	**At March 31, 2012**
Unaudited Pro Forma Combined Balance Sheet Data	
Total assets	$ 4,628
Total debt	1,606
Total stockholders equity	1,903
Total debt plus stockholders equity	3,509
Select Ratio	
Total debt /Total debt plus stockholders equity	45.8%

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Ratio of earnings to fixed charges

The following table sets forth Cabot s consolidated ratio of earnings to fixed charges for the periods indicated:

	Six months ended March 31, 2012	Fiscal year 2011	2010	2009	2008	2007
Ratio of earnings to fixed charges(1)	6.4x	5.3x	4.5x	N/A(2)	2.9x	4.3x

(1) Earnings to fixed charges is calculated as follows: the sum of (i) earnings, defined as income (loss) from continuing operations plus dividends received from equity affiliates and (ii) fixed charges, defined as the sum of interest on indebtedness, implied interest on rental payments, and preferred stock dividends, divided by fixed charges.

(2) The earnings to fixed charges ratio is negative because the Company was in a net loss position for the fiscal year. The deficiency was $106 million.

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Risk factors

You should carefully consider the risks described below and in the documents incorporated by reference into this prospectus supplement and the accompanying base prospectus before making a decision to invest in the notes. Some of these factors relate principally to our business and the industry in which we operate and the Norit acquisition. Other factors relate principally to your investment in the notes. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also materially and adversely affect our business and operations.

If any of the matters included in the following risks were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially and adversely affected. In such case, you may lose all or part of your original investment.

Risks relating to the notes

The notes are effectively junior to the existing and future liabilities of our subsidiaries and to our secured debt to the extent of the assets securing that indebtedness.

Our subsidiaries are separate and distinct legal entities. Our subsidiaries have no obligation to pay any amounts due on the notes. In addition, any payment of dividends, loans, or advances by our subsidiaries could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon the subsidiaries earnings and business considerations. Our right to receive any assets of any of our subsidiaries upon their bankruptcy, liquidation or reorganization, and therefore the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary s creditors, including trade creditors. The indenture does not restrict the amount of additional debt that we may incur. In addition, even if we are a creditor of any of our subsidiaries, our right as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us. At March 31, 2012, on a pro forma basis after giving effect to the Transactions, our subsidiaries would have had approximately $832 million of external debt, including capital leases, accounts payable and accrued liabilities, outstanding.

The notes are our unsecured obligations and will rank equally in right of payment with all of our other existing and future senior unsecured obligations. The notes are not secured by any of our assets. Claims of secured creditors with respect to assets securing their claims will be prior to any claim of the holders of the notes with respect to those assets. As of March 31, 2012, on a pro forma basis after giving effect to the Transactions, we would have had approximately $16 million of secured debt outstanding, consisting of capital leases.

The indenture does not restrict the amount of additional debt that we may incur.

The notes and indenture under which the notes will be issued do not place any limitation on the amount of unsecured debt that may be incurred by us. Our incurrence of additional debt may have important consequences for you as a holder of the notes, including making it more difficult for us to satisfy our obligations with respect to the notes, a loss in the market value of your notes and a risk that the credit rating of the notes is lowered or withdrawn.

An active trading market may not develop for the notes.

Each series of notes offered hereby is a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for quotation of the notes on any automated dealer quotation system. We have been advised by the underwriters that they presently intend to make a market in each series of the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes will be adversely affected.

We may not be able to repurchase the notes upon a Change of Control Triggering Event.

Upon the occurrence of a Change of Control Triggering Event with respect to a series of notes, each holder of the notes of such series will have the right to require us to repurchase all or any part of such holder s notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. Additionally, under our revolving credit facility, a change of control (as defined therein) constitutes an event of default that permits the lenders to accelerate the maturity of borrowings under the revolving credit facility and the commitments thereunder would terminate. The source of funds for any purchase of the notes and repayment of borrowings under our revolving credit facility would be our available cash or cash generated from our subsidiaries operations or other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the notes upon a Change of Control Triggering Event because we may not have sufficient financial resources to purchase all of the notes that are tendered upon a Change of Control Triggering Event and repay our other indebtedness that will become due. If we fail to repurchase the notes in that circumstance, we will be in default under the indenture that will govern the notes. We may require additional financing from third parties to fund any such purchases, and we may be unable to obtain financing on satisfactory terms or at all. In order to avoid the obligations to repurchase the notes and events of default and potential breaches of the credit agreement governing our revolving credit facility, we may have to avoid certain change of control transactions that would otherwise be beneficial to us.

The exercise by the holders of notes of their right to require us to repurchase the notes pursuant to a change of control offer could cause a default under the agreements governing our other indebtedness, including future agreements, even if the change of control itself does not, due to the financial effect of such repurchases on us. In the event a change of control offer is required to be made at a time when we are prohibited from purchasing notes, we could attempt to refinance the borrowings that contain such prohibitions. If we do not obtain a consent or repay those borrowings, we will remain prohibited from purchasing notes. In that case, our failure to purchase tendered notes would constitute an event of default under the indenture which could, in turn, constitute a default under our other indebtedness. Finally, our ability to pay cash to the holders of notes upon a repurchase may be limited by our then existing financial resources.

The terms of the indenture and the notes provide only limited protection against significant corporate events that could adversely impact your investment in the notes.

While the indenture and the notes contain terms intended to provide protection to noteholders upon the occurrence of certain events involving significant corporate transactions and our creditworthiness, such terms are limited and may not be sufficient to protect your investment in the notes.

The definition of the term Change of Control Triggering Event as described under Description of notes Change of control triggering event does not cover a variety of transactions (such as

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acquisitions by us or recapitalizations) that could negatively affect the value of your notes. If we were to enter into a significant corporate transaction that would negatively affect the value of the notes but would not constitute a Change of Control Triggering Event, we would not be required to offer to repurchase your notes prior to their maturity.

Furthermore, the indenture for the notes does not:

- require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity;
- limit our ability to incur indebtedness that is equal in right of payment to the notes;
- restrict our subsidiaries ability to issue securities or otherwise incur indebtedness that would be senior to our equity interests in our subsidiaries and therefore rank effectively senior to the notes;
- limit the ability of our unrestricted subsidiaries to service indebtedness;
- restrict our ability to repurchase or prepay any other of our securities or other indebtedness;
- restrict our ability to make investments or to repurchase or pay dividends or make other payments in respect of our common stock or other securities ranking junior to the notes; or
- limit our ability to sell, merge or consolidate any of our unrestricted subsidiaries.

As a result of the foregoing, when evaluating the terms of the notes, you should be aware that the terms of the indenture and the notes do not restrict our ability to engage in, or to otherwise be a party to, a variety of corporate transactions, circumstances and events that could have an adverse impact on your investment in the notes.

We may amend the Norit acquisition agreement in a manner that may be adverse to noteholders.

The indenture governing the notes does not restrict Norit and us from amending the Norit acquisition agreement (or any agreements related to the Transactions), and any such amendment could be materially adverse to the interests of noteholders. For example, we and Norit may agree to a higher purchase price, sales of certain assets to third parties or to increase our liabilities after the closing of this offering. Amendments will not be subject to approval of the noteholders and will not require us to redeem your notes.

We may not have the ability to raise the funds necessary to finance the special mandatory redemption required under certain circumstances by the indenture governing the notes.

If the Norit acquisition has not closed by December 31, 2012 or if an Acquisition Termination Event occurs, then we will be required to redeem all the notes offered hereby on the special mandatory redemption date. We will not hold the proceeds of this offering in escrow nor will we separate such funds from our other funds prior to the closing of the Norit acquisition for the purpose of redeeming the notes offered hereby if the Norit acquisition does not close. The notes offered hereby will not be guaranteed by any of our existing or future subsidiaries. We cannot assure you that we will have sufficient funds available when needed to make any required redemption of the notes offered hereby. Any failure to redeem any of these notes would constitute a default under the indenture governing the notes offered hereby.

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Our credit ratings may not reflect all risks of your investment in the notes.

The credit ratings assigned to each series of notes are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of such rating may be obtained from such rating agency. There can be no assurance that such credit ratings will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by the applicable rating agency, if, in such rating agency s judgment, circumstances so warrant. Agency credit ratings are not a recommendation to buy, sell or hold any security. Each agency s rating should be evaluated independently of any other agency s rating. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the market value of the notes and increase our corporate borrowing costs.

Risks relating to Norit

Uncertainty as to the future of existing and planned environmental and health and safety laws and regulations, as well as delays of or changes to these laws and regulations, could have a material adverse effect on demand for Norit s products and services.

Norit s strategic growth plans rely significantly upon the enactment and enforcement of restrictive environmental and health and safety laws and regulations, particularly those that would require industrial facilities to reduce the quantity of air and water pollutants they release. If stricter regulations are successfully challenged or delayed, are not enacted as proposed, are enacted but subsequently repealed or amended to be less strict or are enacted with prolonged phase-in periods or not enforced, demand for Norit s products and services could be materially adversely affected and Norit may not be able to meet sales growth and return on invested capital targets, which could materially adversely affect its business and financial results. In addition, increased costs to utilities and other potential customers in complying with environmental regulations could limit production and reduce or delay an expected increase in demand, which could also have a material adverse effect on Norit s business and financial results.

Development of competitive technologies could materially adversely affect Norit s business and financial results.

Activated carbon is utilized in various applications as a cost-effective solution to address Norit s customers needs. If other competitive technologies or alternative processes or combinations of technologies or processes, such as alternate sorbents, resins, certain types of membranes, ozone and ultraviolet, are advanced to the stage at which they could compete on a cost-effective basis with activated carbon technologies, Norit could experience a decline in demand for its products and services, which could have a material adverse effect on its business and financial results.

Competitive technologies and new regulations may also affect both Norit and its customers. For example, a shift away from coal-burning technology due to environmental trends and regulations or new technologies could reduce future demand for Norit s mercury removal products, which could have a material adverse effect on its business and financial results.

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Reduction or elimination of tariffs placed on U.S. and European imports of Chinese or other foreign activated carbon could have a material adverse effect on Norit s business and financial results.

Norit faces pressure and competition in its U.S. and European markets from Chinese and other importers of low-cost activated carbon products. In some end markets, low-cost imports have become accepted as viable alternatives to Norit s products because they are frequently sold at less than current market prices. U.S. and European Union regulatory agencies have enacted antidumping duties to limit these activities. However, the antidumping duties in the United States have been reduced and could be further reduced or eliminated, and the antidumping duties in the European Union may or may not be renewed beyond 2013, any or all of which could increase the volume of activated carbon imports in the U.S. and the European Union. If the amounts and acceptance of these low-cost imports increase, especially if they are sold at less than current market prices, Norit s financial results could be materially adversely affected by declines in its sales. In addition, sales of these low-cost imports may make it more difficult for Norit to pass through raw material and energy cost increases to customers.

Disagreements with labor unions or an inability to successfully negotiate new collective bargaining agreements upon expiration of existing agreements could have a material adverse effect on Norit s business and financial results.

Norit has collective bargaining agreements in place covering approximately 37% and 82% of its full-time workforce in the United States and the rest of the world, respectively, at December 31, 2011. The hourly personnel at Norit s Klazienaveen and Zaandam facilities and the majority of its personnel in its Amersfoort office in The Netherlands are represented by three national labor organizations and are subject to an agreement until August 2013. Norit also has hourly employees at two facilities in the United Kingdom subject to an agreement that will run until March 2013. The International Chemical Workers Union Local No. 130C represents the hourly personnel at Norit s Marshall, Texas facility under a contract that expires on January 31, 2016. Norit does not have a collective bargaining agreement with union employees at its Italian facility, but is subject to the CCNL Chimico union agreement at a national level. Additional unionization at any location, work stoppages as a result of disagreements with any of the labor unions, a failure to renegotiate any of the contracts as they expire or less efficient operations resulting from the need to rely on temporary labor could disrupt production and significantly increase production costs and could have a material adverse effect on Norit s business and financial results.

Norit s international operations are subject to political and economic risks related to conducting business in corrupt environments.

Although most of Norit s international business is currently in regions where the political and economic risk levels and established legal systems are similar to those in the United States, Norit also conducts business in developing countries, and is focusing on increasing its sales in regions that are less developed, have less stable legal systems and financial markets and have experienced some degree of governmental corruption. These operations may present greater political, economic and operational risks than in the United States and similar political and economic systems. Although Norit has established policies, procedures and ongoing employee training programs to promote compliance with global ethics and legal requirements such as the U.S. Foreign Corrupt Practices Act, or the FCPA, and the U.K. Bribery Act of 2010, or the Bribery

Act, its employees may not adhere to the code of business conduct, other policies or rules and regulations. If Norit fails to enforce its policies and procedures properly or maintain internal accounting practices to accurately record its international transactions, Norit may be subject to regulatory sanctions. Norit could incur significant costs, including potential harm to our reputation, for investigation, litigation, civil or criminal penalties, fees, settlements or judgments for potential violations of the FCPA, the Bribery Act or other laws or regulations, which in turn could have a material adverse effect on our business and financial results.

Risks relating to the Norit acquisition

If we are unable to successfully integrate the Norit business, we may not realize the expected benefits, which could adversely affect our results of operations and financial condition.

The Norit acquisition is the largest acquisition we have undertaken in recent years and we are committing a significant amount of capital to this opportunity. We have made certain assumptions relating to the forecast level of annual revenue growth, cash tax synergies and associated costs of the Norit acquisition and our actual results may differ materially from what we have assumed, and we cannot be certain that this acquisition will produce the intended benefits. The Norit acquisition also represents the entry by us into a new area of the specialty chemicals business and there may be factors that affect this business with which we are not as familiar as with our existing businesses. We may not be able to integrate Norit s operations, assets and personnel successfully into our existing businesses, or be successful retaining key Norit employees following the acquisition, including those with knowledge of the activated carbon industry and Norit s processes. The integration will require significant attention from our management. The diversion of our management s attention away from our other businesses and any difficulties encountered in the integration process could adversely affect our results of operations. We may experience disruptions in relationships with current and new employees, customers and suppliers. In addition, our failure to realize the benefits of this acquisition could adversely affect our results of operations and financial condition.

We expect to incur a number of non-recurring costs associated with combining the operations of the two companies. In addition, we will incur significant legal, accounting and transaction fees and other costs related to the Norit acquisition. Some of these may be higher than anticipated. We may also incur unanticipated costs, including to maintain employee morale, retain key employees and successfully integrate the Norit business.

Risks relating to the Company

Our business is subject to uncertainties and risks. You should carefully consider and evaluate all of the information included and incorporated by reference in this prospectus supplement, including Item 1A. Risk Factors incorporated by reference from our most recent annual report on Form 10-K, as updated by our quarterly reports on Form 10-Q and other SEC filings filed after such annual report.

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Use of proceeds

The net proceeds of this offering are estimated to be $595,300,000 after deducting underwriting discounts and commissions and offering expenses. We intend to use the net proceeds from this offering to finance a portion of the Norit acquisition. We intend to use alternative sources of funding, including our revolving credit facility and available cash, to the extent that the net proceeds from the sale of the notes are not sufficient to finance the Norit acquisition.

The proceeds from this offering will not be deposited into an escrow account. If the Norit acquisition has not closed by December 31, 2012 or if an Acquisition Termination Event occurs, we will be required to redeem the notes, in whole but not in part, at a redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest on the notes to the date of redemption. See Description of notes Special mandatory redemption.

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Capitalization

The following table sets forth our unaudited consolidated cash and cash equivalents and capitalization at March 31, 2012. We have presented our capitalization:

- on an actual basis; and
- on a pro forma as adjusted basis to reflect:
  - the completion of the Norit acquisition, as if the closing of that acquisition had occurred on March 31, 2012;
  - the issuance of the notes offered hereby and the use of the net proceeds therefrom as described under Use of proceeds ;
  - the completion of the other Transactions; and
  - the payment of related fees and expenses.

The information set forth below should be read in conjunction with our unaudited consolidated financial statements and the related notes contained in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 incorporated by reference in this prospectus supplement and the unaudited pro forma combined financial information included in this prospectus supplement under the caption Unaudited pro forma combined financial information.

(in millions)	**At March 31, 2012**	**At March 31, 2012 pro forma as adjusted**
Cash and cash equivalents	$ 366	$ 162
Variable rate:		
Notes payable to banks	79	88
$550 mm Revolving Credit Facility[1]		310
Chinese Renminbi Notes, due through 2014, 6.10% 7.32%	21	21
Total variable rate debt	100	419
Fixed rate:		
5.00% Notes due 2016[2]	299	299
Medium Term Notes:		
Notes due 2012, 7.70% 8.28%	30	30
Note due 2018, 7.42%	30	30
Notes due 2022, 8.346% 8.47%	15	15
Note due 2027, 6.57% 7.28%	8	8
Total Medium Term Notes	83	83
Notes offered hereby:		
% Notes due 2018		250

% Notes due 2022				350
Euro Bond, due 2013, 5.25%		178		178
ESOP Note, due 2013, 8.29%		11		11
Total fixed rate debt		571		1,171
Capital leases, due through 2031		16		16
Total debt		687		1,606
Total stockholders equity		1,878		1,903
Total debt plus stockholders equity	$	2,565	$	3,509

(1) As of March 31, 2012, we had approximately $534 million of availability under the revolving credit facility after giving effect to outstanding letters of credit of $16 million. We have received commitments from lenders to increase the aggregate commitments under this facility by $200 million, subject to the completion of documentation and other customary conditions.

(2) Includes $1 million of unamortized bond discount.

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Unaudited pro forma combined financial information

The unaudited pro forma combined balance sheet combines Cabot s March 31, 2012 unaudited consolidated balance sheet with Norit s unaudited consolidated balance sheet as of March 31, 2012 and gives pro forma effect to the Company s acquisition of Norit as if it and the related financing transactions had been completed on March 31, 2012. The unaudited pro forma combined statement of operations for the year ended September 30, 2011 combines Cabot s audited consolidated statement of operations for the twelve months ended September 30, 2011 with amounts derived from Norit s audited carve out combined and consolidated statement of operations for the twelve months ended December 31, 2011 and gives pro forma effect as if the acquisition and the related financing transactions had been completed at October 1, 2010. As permitted under the rules and regulations of the SEC, the financial statements for the two entities were combined because the difference in their fiscal year-ends was less than 93 days. The unaudited pro forma combined statement of operations for the six months ended March 31, 2012 combines Cabot s unaudited consolidated statement of operations for the six months ended March 31, 2012 with Norit s results of operations for the same period, which were derived by adding Norit s audited December 31, 2011 carve out combined and consolidated statement of operations to the unaudited consolidated operating results for the three months ended March 31, 2012 and subtracting unaudited carve out combined and consolidated operating results for the nine months ended September 30, 2011, and gives pro forma effect to the acquisition of Norit as if it and the related financing transactions had been completed at October 1, 2010.

The pro forma information presented is for illustrative purposes only and is not necessarily indicative of the financial position or results of operations that would have been realized if the acquisition had been completed on the date indicated, nor is it indicative of future operating results or financial positions. The pro forma adjustments are based upon currently available information and certain assumptions that Cabot believes are reasonable under the circumstances.

A final determination of fair values of assets to be acquired and liabilities to be assumed relating to Cabot s acquisition of Norit may differ materially from preliminary estimates. This final valuation will also be based on the fair value of the actual net tangible and intangible assets of Norit that exist as of the date of the completion of the acquisition. The final valuation may materially change the allocation of the purchase price, which could materially affect the fair values assigned to the assets and liabilities and could result in a material change to the unaudited pro forma combined financial statements.

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Cabot Corporation

Unaudited pro forma combined balance sheet

Assets

As of March 31, 2012

(in millions)

	Historical Cabot Corporation	Historical Norit(1)	Pro forma adjustments	*	Pro forma combined
Current assets					
Cash and cash equivalents	$ 366	$ 16	$ (220)	A	$ 162
Trade receivables, net	759	43			802
Inventories	423	130	18	B	571
Prepaid expenses and other current assets	73	10	(2)	C	81
Deferred income taxes	27	7			34
Total current assets	1,648	206	(204)		1,650
Property, plant and equipment, net	1,079	321	24	D	1,424
Goodwill	40	155	299	E	494
Equity affiliates	62	8			70
Assets held for rent	51				51
Notes receivable from sale of business	263				263
Deferred income taxes	185	46			231
Norit intangible assets, net		89	238	F	327
Other assets	101	23	(6)	G	118
Total assets	$ 3,429	$ 848	$ 351		$ 4,628

(1) Historical Norit consolidated balance sheet as of March 31, 2012.

* See the referenced letter paragraph in Note 3 of the accompanying notes for an explanation of the pro forma adjustments.
See accompanying notes to unaudited pro forma combined financial statements.

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Cabot Corporation

Unaudited pro forma combined balance sheet

Liabilities and shareholders equity

As of March 31, 2012

(in millions, except share amounts)

	Historical Cabot Corporation	Historical Norit(1)	Pro forma adjustments	*	Pro forma combined
Current liabilities					
Notes payable to banks	$ 79	$ 9	$		$ 88
Accounts payable and accrued liabilities	496	79	12	H	587
Income taxes payable	55				55
Deferred income taxes	6	2			8
Current portion of long-term debt	48	4	(4)	I	48
Total current liabilities	684	94	8		786
Long-term debt	560	628	282	I	1,470
Deferred income taxes	9	60	87	K	156
Other liabilities	298	15			313
Total liabilities	1,551	797	377		2,725
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: 63,653,983 shares					
Outstanding: 63,399,863 shares	64	13	(13)	M	64
Less cost of 254,120 shares of common treasury stock	(8)				(8)
Additional paid-in capital	17	62	(62)	M	17
Retained earnings (deficit)	1,576	(30)	30	M	1,576
			(12)	H	(12)
Deferred employee benefits	(11)				(11)
Accumulated other comprehensive income	108	(31)	31	M	108
Total Cabot Corporation stockholders equity	1,746	14	(26)		1,734
Noncontrolling interests	132	37			169
Total stockholders equity	1,878	51	(26)		1,903
Total liabilities and stockholders equity	$ 3,429	$ 848	$ 351		$ 4,628

(1) Historical Norit consolidated balance sheet as of March 31, 2012.

* See the referenced letter paragraph in Note 3 of the accompanying notes for an explanation of the pro forma adjustments.
See accompanying notes to unaudited pro forma combined financial statements.

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Cabot Corporation

Unaudited pro forma combined statement of operations

for the twelve months ended September 30, 2011

(in millions, except per share amounts)

	Historical Cabot Corporation	Historical Norit(1)	Pro forma adjustments	*	Pro forma combined
Net sales and other operating revenues	$ 3,102	$ 360	$		$ 3,462
Cost of sales	2,544	257			2,801
			10	F	10
			18	B	18
			2	D	2
Gross profit	558	103	(30)		631
Selling and administrative expenses	249	47	7	F	303
Research and technical expenses	66	3			69
Income from operations	243	53	(37)		259
Interest and dividend income	2	2	(2)	A	2
Interest expense	(39)	(88)	49	J	(78)
Other (expense) income (2)	(3)	33			30
Income from continuing operations before income taxes and equity in net earnings of affiliated companies	203		10		213
(Provision) benefit for income taxes	(6)	(7)	5	L	(8)
Equity in net earnings of affiliated companies	8	1			9
Income from continuing operations	$ 205	$ (6)	$ 15		$ 214
Weighted-average common shares outstanding, in millions:					
Basic	64.6	9.2			64.6
Diluted	65.4	9.2			65.4
Income from continuing operations per common share:					
Basic(3)	$ 3.14	$ (0.65)	$ 0.79		$ 3.28
Diluted(3)	$ 3.10	$ (0.65)	$ 0.79		$ 3.24

(1) Historical Norit carve out combined and consolidated statement of operations for the twelve months ended December 31, 2011. Norit s historical financial statements did not include an allocation of depreciation and amortization to Cost of sales and Selling and administrative expenses. Cabot has allocated these amounts, consistent with its accounting policies using available information. Similarly, the gain on litigation settlement has been classified within Other (expense) income instead of the historical presentation within operating income. (See footnote 2 below.)

(2) Following the award by the panel in the arbitration with ADA-ES, Inc. (ADA) and the consequent negotiations with ADA for breach of contract claims, Norit recognized a gain of approximately $33 million during the year ended December 31, 2011 in connection with its settlement with ADA.

(3) Income from continuing operations per common share amounts are unaudited. Pro forma combined income from continuing operations per common share for the twelve months ended September 30, 2011 is calculated by dividing pro forma combined income from continuing operations by Cabot s weighted-average common shares outstanding.

* See the referenced letter paragraph in Note 3 of the accompanying notes for an explanation of the pro forma adjustments.

See accompanying notes to unaudited pro forma combined financial statements.

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Cabot Corporation

Unaudited pro forma combined statement of operations

for the six months ended March 31, 2012

(in millions, except per share amounts)

	Historical Cabot Corporation	Historical Norit(1)	Pro forma adjustments	*	Pro forma combined
Net sales and other operating revenues	$ 1,606	$ 175	$		$ 1,781
Cost of sales	1,290	123			1,413
			5	F	5
			1	D	1
Gross profit	316	52	(6)		362
Selling and administrative expenses	131	21	4	F	156
Research and technical expenses	37	2			39
Income from operations	148	29	(10)		167
Interest and dividend income	2	2	(1)	A	3
Interest expense	(19)	(59)	41	J	(37)
Income from continuing operations before income taxes and equity in net earnings of affiliated companies	131	(28)	30		133
(Provision) benefit for income taxes	(39)	7	(4)	L	(36)
Equity in net earnings of affiliated companies	4				4
Income from continuing operations	$ 96	$ (21)	$ 26		$ 101
Weighted-average common shares outstanding, in millions:					
Basic	63.4	9.2			63.4
Diluted	64.1	9.2			64.1
Income from continuing operations per common share:					
Basic(2)	$ 1.50	$ (2.28)	$ 2.36		$ 1.58
Diluted(2)	$ 1.48	$ (2.28)	$ 2.36		$ 1.56

(1) Historical Norit consolidated statement of operations for the six months ended March 31, 2012.

(2) Pro forma combined income from continuing operations per common share for the six months ended March 31, 2012 is calculated by dividing pro forma combined income from continuing operations by Cabot s weighted-average common shares outstanding.

* See the referenced letter paragraph in Note 3 of the accompanying notes for an explanation of the pro forma adjustments.

See accompanying notes to unaudited pro forma combined financial statements.

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Cabot Corporation

Notes to unaudited pro forma combined financial statements

1. Basis of Presentation

The Unaudited Pro Forma Combined Financial Statements (the Statements) have been derived from the historical consolidated financial statements of Cabot Corporation (Cabot or the Company) and of Norit N.V. s Activated Carbon Business (Norit). Norit s historical financial results present the Activated Carbon Business on a carve out combined basis from the other Norit Group business, which is further discussed in Note 1 of the consolidated financial statements incorporated by reference into this prospectus supplement. Certain financial statement line items included in Norit s historical presentation have been disaggregated, condensed, or reclassified to conform to corresponding financial statement line items included in Cabot s presentation. The reclassifications relate to depreciation and amortization expense which has been allocated to Cost of sales and Selling and administrative expenses and the gain on litigation settlement.

The transaction is reflected in the Statements as an acquisition of Norit by Cabot using the acquisition method of accounting, in accordance with business combination accounting guidance under generally accepted accounting principles of the United States (GAAP). Under these accounting standards, the assets to be acquired and the liabilities to be assumed will be measured at estimated fair value. For the purpose of measuring the estimated fair value of the assets to be acquired and liabilities to be assumed, Cabot has applied the accounting guidance under GAAP for fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The unaudited pro forma adjustments included herein are preliminary and will be revised as additional information becomes available and as valuation work is completed. The final purchase price allocation will be determined after the completion of the acquisition, which is expected to close within calendar year 2012, and the final allocations may differ materially from those presented. Identifiable assets and liabilities of Norit, including identifiable intangible assets, were recorded based on their estimated fair values as of March 31, 2012.

Inventories: Inventories to be acquired include raw materials, work-in-process and finished goods. The fair value of raw materials and work-in-process was determined based on the estimated selling price of the eventual finished inventories, adjusted for expected: (i) costs to complete the manufacturing process; (ii) costs of the selling effort; and (iii) a reasonable profit allowance for the remaining manufacturing and selling effort. The fair value of finished goods was determined based on the estimated selling price, net of selling costs and a reasonable profit margin.

Property, plant and equipment: Property, plant and equipment to be acquired will be depreciated using the straight-line method over their estimated remaining useful lives ranging from three to twenty-five years based on the Company s preliminary valuation.

Identifiable intangible assets: Identifiable intangible assets to be acquired include customer relationships, completed technology, and trademarks. The fair value of intangible assets was based on the Company s preliminary valuation. Estimated useful lives of amortizable intangible assets are based on the time periods during which the intangibles are expected to result in incremental cash flows. Trademarks are deemed to have indefinite lives.

Goodwill: Goodwill represents the excess of the preliminary acquisition consideration over the estimated fair values of net assets to be acquired. Goodwill will not be amortized and is not

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deductible for tax purposes. Goodwill will be tested for impairment at least annually or whenever certain indicators of impairment are present.

Deferred tax assets and liabilities: Deferred income taxes are determined based on the estimated future tax effects of differences between financial statement carrying amounts and the tax bases of existing assets and liabilities. Deferred tax assets are recognized to the extent that realization of those assets is considered to be more likely than not. A valuation allowance is established for deferred taxes when it is more likely than not that all or a portion of the deferred tax assets will not be realized.

2. Preliminary Purchase Price Allocation

The Company will pay $1,110 million of total cash consideration to acquire Norit, which includes $10 million of lock box interest.

The total fair value of the consideration has been preliminarily allocated to the net tangible and intangible assets based upon their estimated fair values as of March 31, 2012. The excess of the purchase price over the estimated fair value of the net tangible and intangible assets has been recorded as goodwill.

The following summarizes the preliminary purchase price allocation, as if the acquisition had occurred on March 31, 2012:

		(in millions)
Assets to be acquired:		
Trade receivables, net	$	43
Inventories		148
Prepaid expenses and other current assets		8
Property, plant and equipment		345
Norit intangible assets		327
Goodwill		454
Deferred tax assets		53
Other assets		21
Total assets to be acquired	$	1,399
Liabilities to be assumed:		
Accounts payable and accrued liabilities	$	79
Deferred tax liabilities		149
Other liabilities		24
Noncontrolling interest		37
Total liabilities to be assumed	$	289
Net assets to be acquired	$	1,110

Cabot has made preliminary allocation estimates based on limited access to information and will not have sufficient information to make final allocations until after completion of the transaction. The final determination of the purchase price allocation is anticipated to be completed as soon as practicable after completion of the transaction. Cabot anticipates that the valuations of the acquired assets and liabilities will include, but not be limited to, inventory, fixed assets, customer relationships, completed technology, trademarks and other potential intangible assets. The valuations will consist

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of physical appraisals, discounted cash flow analyses, or other appropriate valuation techniques to determine the fair value of the assets acquired and liabilities assumed. The preliminary purchase price allocation was based on reviews of publicly disclosed allocations for other acquisitions in the chemical industry, Cabot s historical experience, other available public information and Cabot s financial due diligence review of Norit s business. The analysis was performed at an aggregate level and was based on estimates that are reflective of market participant assumptions including the amount, timing, and realization of future cash flows.

With respect to properties to be acquired in the transaction, Norit has a number of manufacturing and distribution sites and related facilities, owns land and leases sites that include leasehold improvements, and owns machinery and equipment for use in its manufacturing operations. Cabot believes that it is probable that the fair value of the property, plant and equipment differs from the recorded balances in Norit s March 31, 2012 consolidated statement of financial position. In this preliminary fair value assessment, Cabot estimated the fair value adjustment of approximately 7% above current book value. This adjustment considered the valuation of such assets at fair value in 2007 when Doughty Hanson & Co Managers Limited and Euroland Investments B.V. (Doughty) acquired Norit, the length of time since Doughty acquired Norit, Norit s depreciation policies and practices, and a preliminary assessment of the fair value of the land and buildings of Norit.

With respect to the intangible assets to be acquired in the transaction, Norit has a number of customer relationships, significant technology, and a number of trademarks.

The amounts allocated to assets to be acquired and liabilities to be assumed in the transaction could differ materially from the preliminary amounts presented in these Statements. Decreases or increases in the fair value of assets to be acquired or liabilities to be assumed in the transaction from those preliminary valuations presented in these Statements would result in a corresponding increase or decrease in the amount of goodwill that will result from the transaction. In addition, if the value of the assets to be acquired is higher than the preliminary indication, it may result in higher amortization and/or depreciation expense than is presented in these Statements.

3. Pro forma Adjustments

The following pro forma adjustments have been made in the accompanying unaudited pro forma combined balance sheet as of March 31, 2012, and the unaudited pro forma combined statements of operations for the twelve months ended September 30, 2011 and the six months ended March 31, 2012 to reflect the purchase price, to adjust amounts related to Norit s net tangible and intangible assets to a preliminary estimate of the fair values of those assets, to reflect the amortization expense related to the estimated amortizable properties and intangible assets and to reflect the interest and amortization of deferred financing costs associated with the transaction financing together with the associated tax impact:

(A) To reduce cash and cash equivalents and corresponding interest income by $200 million of cash on hand expected to be used to finance the acquisition, by $4 million for the cash used to pay debt issuance costs to finance the transaction as described in Note I, and to eliminate Norit s cash;

(B) To reflect the step-up to record estimated fair value of inventory to be acquired as of March 31, 2012 and the corresponding amortization of inventory step-up into Cost of sales as if the acquisition had been completed on October 1, 2010;

(C) To eliminate Norit s capitalized initial public offering costs;

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(D) To reflect the step-up to record estimated fair value of property, plant and equipment as of March 31, 2012 and the corresponding adjustment to depreciation expense recorded in Cost of sales. With other assumptions held constant, a 25% increase in the fair value adjustment of property, plant and equipment as calculated would increase annual pro forma depreciation expense by less than $1 million. With other assumptions held constant, a decrease of 25% in the estimated remaining weighted average useful lives would increase annual pro forma depreciation expense of the fair value adjustment by approximately $1 million;

(E) To eliminate the goodwill previously recorded by Norit and record the preliminary estimate of goodwill as derived from the purchase price allocation shown in Note 2. The goodwill generated from the acquisition of Norit is not amortized;

(F) To reflect the step-up to the preliminary estimated fair value of Norit s identifiable intangible assets from the respective carrying values reported by Norit as of March 31, 2012 and its corresponding amortization. The intangible assets primarily consist of customer relationships, completed technology, and trademarks. The estimated fair value of amortizable intangible assets (customer relationships and completed technology) is expected to be amortized on a straight-line basis over estimated useful lives that will range from 10 to 15 years, subject to the finalization of the purchase price allocation. With other assumptions held constant, a 25% increase in the fair value of intangible assets as calculated would increase annual pro forma amortization expense by $6 million. With other assumptions held constant, a decrease of 25% in the estimated remaining weighted average useful lives of amortizable intangible assets would increase annual pro forma amortization expense by approximately $8 million;

(G) To eliminate Norit s historical debt issuance costs of $10 million and record Cabot s estimated debt issuance costs of $4 million associated with the expected financing of the acquisition;

(H) To record Cabot s estimated transaction related costs that were not yet incurred as of March 31, 2012;

(I) To record Cabot s expected borrowings totaling $910 million to finance the acquisition and to eliminate Norit s external debt, including shareholder loans, of $628 million that will not be assumed in the transaction. These Statements assume that Cabot will complete an offering of debt securities with