

CABOT CORP  
Form DEF 14A  
January 25, 2019  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**SCHEDULE 14A INFORMATION**

**(Rule 14a-101)**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

**(Amendment No.    )**

**Filed by the Registrant**

**Filed by a Party other than the Registrant**

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Cabot Corporation**

*(Name of Registrant as Specified In Its Charter)*

**Payment of Filing Fee (Check the appropriate box):**

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No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
- 5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

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Cabot Corporation

**2019 Proxy Statement**

**The Annual Meeting of Stockholders**

of Cabot Corporation will be held:

Thursday, **March 7, 2019** at 4:00 p.m. ET

Cabot Corporation

Two Seaport Lane, Suite 1300

Boston, MA 02210-2019 USA

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January 25, 2019

Dear Fellow Cabot Corporation Stockholders,

You are cordially invited to attend the Annual Meeting of Stockholders of Cabot Corporation, which will be held on Thursday, March 7, 2019, at 4:00 pm, Eastern Time, at the Corporate Headquarters of Cabot Corporation, Two Seaport Lane, Suite 1300, Boston, Massachusetts.

At the Annual Meeting, we will ask you to elect four members of our Board of Directors, provide your advisory approval of our executive compensation, and ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending September 30, 2019. We will also discuss any other business matters properly brought before the meeting. The attached Proxy Statement explains our voting procedures, describes the business we will conduct, and provides information about the Company that you should consider when you vote your shares.

We are using the Notice and Access method of providing proxy materials to you via the Internet. We are mailing to you a Notice of Internet Availability of Proxy Materials (the Notice) instead of a paper copy of the proxy materials and 2018 Annual Report. Notice and Access provides a convenient and environmentally friendly way for you to access Cabot's proxy materials. The Notice includes instructions on how to access our proxy statement and our 2018 Annual Report and how to vote your shares. The Notice also contains instructions on how to receive a paper copy of the proxy materials and our 2018 Annual Report, if you prefer.

Your vote is very important to us. Whether or not you plan to attend the Annual Meeting in person, we encourage you to vote promptly. You may vote by mailing a completed proxy card, by phone or the Internet.

Thank you for your continued support of Cabot Corporation.

Sincerely,

SEAN D. KEOHANE

President and

Chief Executive Officer

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**Notice of Annual Meeting of Stockholders**

**Date:** March 7, 2019

**Time:** 4:00 p.m., Eastern Time

**Place:** Corporate Headquarters of Cabot Corporation

Two Seaport Lane, Suite 1300

Boston, Massachusetts 02210-2019

**Record Date:** You may vote if you were a stockholder of record at the close of business on January 15, 2019.

**Voting by Proxy:** To ensure that your vote is properly recorded, please vote as soon as possible, even if you plan to attend the annual meeting. Stockholders who own shares in their own name (a record owner) have three options for submitting their vote by proxy: (1) by Internet, (2) by phone or (3) by mail. You may also vote in person if you attend the annual meeting. For further details about voting, please refer to the section entitled "About the Annual Meeting" beginning on page 1 of this proxy statement.

**If your shares are held in street name in a stock brokerage account or by a bank or other nominee, you must provide your broker, bank or other nominee with instructions on how to vote your shares in order for your shares to be voted on certain non-routine matters presented at the annual meeting. If you do not instruct your broker, bank or other nominee on how to vote in the election of directors or on the compensation of our named executive officers, your shares will not be voted on these matters. For an explanation of how you can vote your street name shares at the meeting, see "How do I vote?" on page 3.**

**Items of Business** To elect four directors, Michael M. Morrow, Sue H. Rataj, Frank A. Wilson and Matthias L. Wolfgruber, to the class of directors whose term expires in 2022;

To approve, in an advisory vote, our executive compensation;

To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2019; and

To transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

**This notice and proxy statement are first being made available to stockholders on or about January 25, 2019. Our 2018 Annual Report is available at <http://www.edocumentview.com/cbt>.**

**By order of the Board of Directors,**

**Jane A. Bell**

Secretary

Boston, Massachusetts 02210-2019

January 25, 2019

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**2019 PROXY STATEMENT**

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**2019 PROXY STATEMENT**

**About the Annual Meeting**

**Cabot Corporation**

**Two Seaport Lane, Suite 1300**

**Boston, Massachusetts 02210-2019**

**Proxy Statement**

References to the Company, Cabot, we, us, and our in this proxy statement mean Cabot Corporation.

**About the Annual Meeting**

***Who is soliciting my vote?***

The Board of Directors of Cabot Corporation is soliciting your vote at the 2019 Annual Meeting of Stockholders ( 2019 Annual Meeting or the meeting ).

***What am I voting on?***

You are voting on:

Proposal 1: Election of Michael M. Morrow, Sue H. Rataj, Frank A. Wilson and Matthias L. Wolfgruber to the class of directors whose term expires in 2022 (*see page 5*);

Proposal 2: Advisory approval of our executive compensation (*see page 61*);

Proposal 3: Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2019 (*see page 64*); and

Any other business properly coming before the meeting.

***How does the Board recommend that I vote my shares?***

The Board's recommendation can be found with the description of each item in this proxy statement. In summary, the Board recommends that you vote:

**FOR** each of the four nominees for director;

**FOR** the advisory approval of our executive compensation (commonly referred to as "say-on-pay");

**FOR** the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2019.

***Who is entitled to vote?***

Only stockholders of record at the close of business on January 15, 2019 will be entitled to vote at the 2019 Annual Meeting. As of that date, there were 59,520,108 shares of our common stock outstanding. Each share of common stock is entitled to one vote. There is no cumulative voting.

The Vanguard Fiduciary Trust Company is the trustee of the Cabot Common Stock Fund and the Cabot Common ESOP Fund portions of the Cabot 401(k) Plan and is the record owner of all of those shares. The trustee is authorized to vote such shares in accordance with instructions from participants in, and the terms of, the Cabot 401(k) Plan.

***Why did I receive a Notice of Internet Availability of Proxy Materials but no proxy materials?***

We are distributing our proxy materials to certain stockholders via the Internet under the "Notice and Access" approach permitted by rules of the Securities and Exchange Commission ("SEC"). This approach benefits the environment, while

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**2019 PROXY STATEMENT**

**About the Annual Meeting (continued)**

providing a timely and convenient method of accessing the materials and voting. On January 25, 2019, we will begin mailing a Notice of Internet Availability of Proxy Materials (the Notice) to participating stockholders. The Notice includes instructions on how to access our proxy statement and our 2018 Annual Report and how to vote your shares. The Notice also contains instructions on how to receive a paper copy of the proxy materials and our 2018 Annual Report, if you prefer.

***How many votes must be present to hold the meeting?***

Your shares are counted as present at the 2019 Annual Meeting if you attend the meeting and vote in person or if you properly return a proxy by Internet, telephone or mail. In order for us to hold our meeting, holders of a majority of our outstanding shares of common stock as of January 15, 2019 must be present in person or by proxy at the meeting. This majority is referred to as a quorum. Proxy cards or broker voting instruction forms that reflect abstentions and broker non-votes will be counted as shares present to determine whether a quorum exists to hold the 2019 Annual Meeting.

***What is a broker non-vote?***

Under the rules that govern brokers who have record ownership of shares that they hold in street name for their clients who are the beneficial owners of the shares, brokers normally have discretion to vote such shares on routine matters, such as ratifications of independent registered public accounting firms, but not on non-routine matters. Broker non-votes generally occur when the beneficial owner of shares held by a broker does not give the broker voting instructions on a non-routine matter for which the broker lacks discretionary authority to vote the shares. Proposals 1 and 2 are non-routine matters.

Therefore, if your shares are held in street name and you do not provide instructions as to how your shares are to be voted on proposals 1 and 2, your broker will not be able to vote your shares on these proposals. We urge you to provide instructions to your broker so that your votes may be counted on these important matters.

***How are votes counted? How many votes are needed to approve each of the proposals?***

For each of proposals 1, 2 and 3, you may vote **FOR** , **AGAINST** , or **ABSTAIN** .

*Proposal 1 Election of Directors.* Pursuant to our bylaws, a nominee will be elected to the Board of Directors if the votes properly cast for his or her election exceed the votes properly cast against such nominee's election. Broker non-votes and abstentions will have no effect on the results of this vote.

*Proposal 2 Say-on-Pay.* Because proposal 2 is an advisory vote, there is no minimum vote requirement that constitutes approval of this proposal.

*Proposal 3 Ratification of Independent Registered Public Accounting Firm.* The affirmative vote of a majority of the votes properly cast on proposal 3 is required to ratify the appointment of Cabot's independent registered public accounting firm. Under Delaware law, abstentions are not considered votes cast and, therefore, will have no effect on the results of this vote. Brokers generally have discretionary authority to vote on the ratification of our independent registered public accounting firm, thus we do not expect any broker non-votes on this proposal. To the extent there are any broker non-votes, they will also have no effect on the results of this vote.

***What if there are more votes AGAINST a nominee for director than votes FOR ?***

Each of the nominees is an incumbent director who has tendered a conditional resignation that is effective upon (i) the failure to receive a majority of the votes cast for his or her re-election at the 2019 Annual Meeting and (ii) the Board's acceptance of this resignation. The Governance and Nominating Committee of the Board of Directors (the

Governance Committee) is responsible for initially considering the resignation and making a recommendation to the Board of Directors. The director whose resignation is under consideration is expected to abstain from participating in any decision regarding his or her resignation. The Governance Committee may consider any factors it deems relevant in deciding whether to accept a director's resignation. If the resignation is not accepted, the director will continue to serve until his or her successor is elected and qualified.

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**2019 PROXY STATEMENT**

**About the Annual Meeting (continued)**

***How do I vote?***

You can vote either in person at the meeting or by proxy without attending the meeting. Even if you plan to attend the 2019 Annual Meeting, we encourage you to vote your shares by proxy. If your shares are held in street name in a brokerage account or by a bank or other nominee and you wish to vote in person at the meeting, you must request a legal proxy from your bank, broker or other nominee and bring that proxy to the meeting. Stockholders who own shares in their own name (a record owner), have three options for submitting their votes by proxy:

1. by Internet go to [www.envisionreports.com/cbt](http://www.envisionreports.com/cbt) and follow the instructions on the secure site,
2. by phone call the toll-free number 1-800-652-VOTE and follow the instructions on your proxy card and the recorded telephone instructions, or
3. by mail mark, sign and date the proxy card and return it promptly in accordance with the voting instructions on your proxy card.

Proxies submitted by the Internet or telephone must be received by 1:00 p.m., Eastern Time, on March 7, 2019.

If your Cabot stock is held in a brokerage account or by a bank or other nominee, your ability to vote by telephone or over the Internet depends on your broker's, bank's or nominee's voting process. Please follow the directions on your voting instruction form carefully.

***How do I vote if I hold my stock through the Cabot 401(k) plan?***

If you hold your stock through the Cabot 401(k) plan, you have the right to instruct the trustee of the plan how to vote your shares. The trustee will have the voting instructions of each participant in the plan tabulated and will vote the shares of the participants by submitting a final proxy card representing the plan's shares for inclusion in the tally at the 2019 Annual Meeting.

Your vote will influence how the trustee of the plan votes those shares for which no instructions are received from other plan participants as those shares will be voted in the same proportion as shares for which instructions are received. If you hold shares in the plan and do not vote, the plan trustee will vote your shares (along with all other shares in the plan for which instructions are not provided) in the same proportion as those shares for which instructions are received from other participants in the plan.

In order for your instructions to be followed, you must provide instructions for the shares you hold through the Cabot 401(k) plan by returning your completed and signed proxy card to the Company's transfer agent by March 4, 2019 or by voting over the telephone or the Internet by 9:00 a.m., Eastern Time, on March 5, 2019.

***Can I change or revoke my vote?***

Yes. You can change or revoke your vote by (1) re-voting by telephone or by Internet as instructed above (only your latest telephone or Internet vote will be counted), (2) signing and dating a new proxy card or voting instruction form and submitting it as instructed above (only your latest proxy card or voting instruction form will be counted), or (3) attending the meeting and voting in person. If your shares are registered in your name, you may also revoke your vote by delivering timely notice to the Secretary, Cabot Corporation, Two Seaport Lane, Suite 1300, Boston, Massachusetts 02210. Attending the meeting in person will not in and of itself revoke a previously submitted proxy unless you specifically request it. If you hold shares through a bank or broker, you must follow the instructions on your voting instruction form to revoke or change any prior voting instructions.

***Who counts the votes?***

We have hired Computershare Trust Company, N.A., our transfer agent, to count the votes represented by proxies cast by ballot, telephone and the Internet. A representative of Computershare and either Cabot's Secretary or Assistant Secretary will act as Inspectors of Election.

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**2019 PROXY STATEMENT**

**About the Annual Meeting (continued)**

***What if I return my proxy card but don't vote for some of the matters listed?***

If you return a signed proxy card without indicating your vote, your shares will be voted in line with the recommendation of the Board of Directors for each of the proposals for which you did not indicate a vote.

***Can other matters be decided at the 2019 Annual Meeting?***

We are not aware of any other matters that will be considered at the 2019 Annual Meeting. If any other matters properly arise that require a vote, the named proxies will vote in accordance with their best judgment.

***Who can attend the meeting?***

The 2019 Annual Meeting is open to all Cabot stockholders. If you need directions to the meeting, please call Cabot's Investor Relations Group at (617) 342-6255. When you arrive at Cabot's Corporate Headquarters, please go to the 13th Floor and signs will direct you to the meeting room. You need not attend the 2019 Annual Meeting to vote.

**Important Notice Regarding the Availability of Proxy Materials for the 2019 Annual Meeting**

**This proxy statement and our 2018 Annual Report on Form 10-K are available at the following Internet address: <http://www.edocumentview.com/cbt>.**



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**2019 PROXY STATEMENT**

**Governance**

**Proposal 1 Election of Directors**

**Board of Directors**

Our Board of Directors currently has twelve members and is divided into three classes serving staggered three-year terms. Directors for each class are elected at the annual meeting of stockholders held in the year in which the term for their class expires. Four directors are proposed to be elected at the 2019 Annual Meeting. The terms of Michael M. Morrow, Sue H. Rataj, Frank A. Wilson and Matthias L. Wolfgruber expire at the 2019 Annual Meeting and our Board of Directors has nominated each of them for a three-year term that will expire at the annual meeting in 2022. All of them are current directors and, with the exception of Mr. Wilson, have been elected by stockholders at previous annual meetings.

John K. McGillicuddy, whose term of office expires at the 2021 Annual Meeting, has decided to retire from the Board effective at the 2019 Annual Meeting. Upon the election of the nominated directors, and with Mr. McGillicuddy's retirement, Cabot's Board of Directors will have eleven members. We expect that all of the nominees will be available for election, but if any of the nominees is not available at the time of the 2019 Annual Meeting, proxies received will be voted for substitute nominees to be designated by the Board of Directors or, if no substitute nominees are identified by the Board, proxies will be voted for a lesser number of nominees. In no event will the proxies be voted for more than four nominees.

**Vote Required**

A nominee will be elected to the Board of Directors if the votes properly cast for his or her election exceed the votes properly cast against such nominee's election.

**Recommendation**

**The Board of Directors recommends that you vote FOR the election of its four nominees.**

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**2019 PROXY STATEMENT**

**Proposal 1 Election of Directors (continued)**

**Certain Information Regarding Directors**

In addition to the information presented below regarding the specific experience, qualifications, attributes and skills that qualify the nominees and the directors whose terms of office will continue after the 2019 Annual Meeting to serve as a director of the Company, all the nominees and directors have a reputation for honesty, integrity, sound judgment and adherence to high ethical standards. Each of the nominees and directors has demonstrated the willingness and ability to make the significant commitment of time and energy to serve on our Board and its Committees, and to engage management and each other openly and constructively.

**Cynthia A. Arnold**

**Director Since:** 2018

**Committee Memberships:** SHE&S

**Term of Office Expires:** 2021

**Age:** 61

**Independent**

**Business Experience:**

Chief Technology Officer, The Valspar Corporation, a global paint and coatings company, January 2011 to May 2017

Chief Technology Officer, Sun Chemical Corporation, a producer of inks, coatings and supplies, pigments, polymers, liquid compounds, solid compounds and application materials, 2004 to December 2010

Vice President of Coatings, Adhesives and Specialty Chemicals Technology, Eastman Chemical Company, a global advanced materials and specialty additives company, 2003-2004

Management and technology leadership positions, General Electric Company, a high technology industrial leader, 1994 to 2003

**Other Boards and Positions:**

Member, Advisory Board, University of Minnesota Dept of Chemical Engineering and Materials Science

Member, Materials Advisory Board, Carbon 3D, Inc.

Board Member, Minnesota Zoo (Co-chair, Technology Task Force)

**Dr. Arnold has a depth of global experience in the specialty chemicals industry, particularly in technology and innovation, with an understanding of the value chains in which Cabot participates.**

**Director Since:** 2005

**Committee Memberships:** Audit

**Term of Office Expires:** 2020

**Age:** 59

**Independent**

**Business Experience:**

Chairman and CEO, Biotechnomy Ventures, a life sciences research and investment firm, since 2003

Managing Director, Excel Venture Management, a life sciences investment company, since March 2008

Director, Life Science Project at Harvard Business School, 2001 to 2003

**Other Boards and Positions:**

Director, various start-up companies

Boston Museum of Science (Trustee)

Harvard Medical School Advisory Council

Trustee, WGBH

**Mr. Enriquez has significant expertise in technology, start-up companies and international business, and leadership experience from his broad experience in technology ventures.**

**Juan Enriquez**

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**2019 PROXY STATEMENT**

**Proposal 1 Election of Directors (continued)**

**Sean D. Keohane**

**Director Since:** 2016

**Committee Memberships:** Executive

**Term of Office Expires:** 2020

**Age:** 51

**Business Experience:**

President and CEO, Cabot Corporation, since March 2016

EVP, President, Reinforcement Materials, November 2014 to March 2016; SVP, President, Performance Chemicals, March 2012 to November 2014; General Manager, Performance Chemicals, May 2008 to March 2012; Vice President in March 2005; joined Cabot Corporation August 2002

General management positions, Pratt & Whitney, a division of United Technologies, prior to 2002

**Other Boards and Positions:**

Director, The Chemours Company, a global provider of performance chemicals (2018 to present)

Director, American Chemistry Council, a trade association representing the business of chemistry at the global, national and state levels (2016 to present)

**Mr. Keohane has a deep understanding of Cabot's businesses, strong knowledge of the chemicals industry and significant experience in management, strategic planning, manufacturing, international business and marketing.**

**William C. Kirby**

**Director Since:** 2012

**Committee Memberships:** Compensation

**Term of Office Expires:** 2020

**Age:** 68

**Independent**

**Business Experience:**

Spangler Family Professor of Business Administration, Harvard Business School; T.M. Chang Professor of China Studies, Harvard University, since July 2008

Harvard University Distinguished Service Professor and Chairman of the Harvard China Fund, since July 2006

Harvard faculty member since 1992, served as Chair of Harvard's History Department, Director of the Harvard University Asia Center, Dean of the Faculty of Arts and Sciences and Director of the Fairbank Center for Chinese Studies

**Other Boards and Positions:**

Director, The China Fund, Inc., a non-diversified closed-ended management investment company (2007 to present)

Director, The Taiwan Fund, Inc., a diversified closed-ended management investment company (2013 to present)

Director, Harvard University Press

Director, JAMM Active Limited, a global producer of innovative performance fabrics for athletic use (2016 to present)

**Mr. Kirby has extensive business knowledge and particular expertise regarding the business, economic and political environment in China.**

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**2019 PROXY STATEMENT**

**Proposal 1 Election of Directors (continued)**

**Michael M. Morrow**  
**(Nominee for Election)**

**Director Since:** 2017

**Committee Memberships:** Audit (Chair), Governance

**Term of Office Expires:** 2019

**Age:** 63

**Independent**

**Business Experience:**

Partner, PricewaterhouseCoopers, a public accounting firm, 1986 until retirement in June 2016, as audit partner and in various leadership and governance roles, including Lead Director of PwC's U.S. Board of Partners

Consultant, PwC, June 2016 to June 2017

**Other Boards and Positions:**

Member, Financial Accounting Standards Advisory Committee (FASAC), an advisory body to the Financial Accounting Standards Board (FASB) (beginning January 2019)

Member, Board of Visitors, Wake Forest University School of Business (2011 to 2017)

Member, Business Advisory Council, University of Rhode Island School of Business (2010 to 2015)

**Mr. Morrow has substantial expertise in accounting, finance and financial reporting matters, and significant leadership, business and corporate governance experience.**

**John F. O'Brien**

**Director Since:** 1990

**Committee Memberships:** Executive, Compensation (Chair), Governance

**Term of Office Expires:** 2021

**Age:** 75

**Independent**

**Business Experience:**

President and CEO, Allmerica Financial Corporation (now known as The Hanover Insurance Group, Inc.), an insurance and diversified financial services company, 1995 until retirement in 2002

President and CEO, First Allmerica Financial Life Insurance Company; Chairman, Allmerica Investment Trust; Chairman, Allmerica Securities Trust, 1989 to 2002

**Other Boards and Positions:**

Director, LKQ Corporation, a nationwide provider of recycled auto parts (2003 to present)

Director, family of mutual funds managed by BlackRock, Inc., an investment management advisory firm (2004 to present)

Lead Director, The TJX Companies, Inc., an off-price retailer of apparel and home fashion (1996 to present)

Partner, Board Leaders, an organization that serves directors of public companies and major non-profit organizations, providing forums for members to discuss corporate governance, legal, accounting and regulatory matters and developments.

**Mr. O'Brien possesses substantial knowledge and skills with respect to strategic planning, accounting and finance, and corporate governance and significant leadership and management experience.**

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**2019 PROXY STATEMENT**

**Proposal 1 Election of Directors (continued)**

**Patrick M. Prevost**

**Director Since:** 2008

**Committee Memberships:** SHE&S

**Term of Office Expires:** 2020

**Age:** 63

**Business Experience:**

President and CEO, Cabot Corporation, January 2008 to March 2016

President, Performance Chemicals, BASF AG, an international chemical company, October 2005 to November 2007

President, Chemicals and Plastics Business in North America, BASF Corporation, December 2003 to September 2005

Senior management positions, BP and Amoco, prior to joining BASF in 2003

**Other Boards and Positions:**

Director, General Cable Corporation, a global leader in copper, aluminum and fiber optic wire and cable products (2010 to June 2018)

Director, Southwestern Energy Company, an energy company engaged in natural gas and crude oil exploration, development and production (2017 to present)

**Mr. Prevost has a strong understanding of Cabot's businesses, substantial management experience in the chemicals industry, and deep knowledge of technology, international business, strategic planning, manufacturing and marketing.**



**Sue H. Rataj**

**Non-Executive**

**Chair of the Board**

**(Nominee for  
Election)**

**Director Since:** 2011

**Committee Memberships:** Executive (Chair), Governance (Chair)

**Term of Office Expires:** 2019

**Age:** 62

**Independent**

**Business Experience:**

Chief Executive, Petrochemicals for BP, a global energy company, April 2008 until retirement in April 2011

Senior management positions with BP, including Group Vice President, Refining and Marketing, July 2007 to April 2008

**Other Boards and Positions:**

Director, Agilent Technologies, Inc., a global leader providing instruments, software and consumables to laboratories in the life sciences, diagnostics and applied chemical markets (2015 to present)

Supervisory Board Member, Bayer AG, a life science enterprise developing and manufacturing products in the pharmaceuticals, consumer health, animal health and crop science segments (2012 to 2017)

**Ms. Rataj has substantial management leadership and strategic planning experience, significant expertise in operations, safety, health and environmental matters, risk management, accounting and finance matters, particularly in the context of a chemicals company, as well as corporate governance experience.**

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**2019 PROXY STATEMENT**

**Proposal 1 Election of Directors (continued)**

**Frank A. Wilson  
(Nominee for Election)**

**Director Since:** 2018

**Committee Memberships:** Audit

**Term of Office Expires:** 2019

**Age:** 60

**Independent**

**Business Experience:**

Senior Vice President and Chief Financial Officer, PerkinElmer, Inc., a life sciences diagnostics, discovery and analytical solutions company, May 2009 to May 2018

Finance, business development and investor relations leadership positions, Danaher Corporation, a life sciences and industrial conglomerate, 1999 to May 2009

**Other Boards and Positions:**

Director, Sparton Corporation, a provider of design, development and manufacturing services for electromechanical devices (2015 to present)

**Mr. Wilson has significant financial expertise and skills in strategic planning, investor relations and business development within international public companies.**

**Matthias L. Wolfgruber**

**Director Since:** 2014

(Nominee for Election)

**Committee Memberships:** SHE&S (Chair), Governance

**Term of Office Expires:** 2019

**Age:** 65

**Independent**

**Business Experience:**

CEO, Altana AG, a global specialty chemicals company, 2007 until retirement January 2016

President and CEO, Altana Chemie AG, member of the management board of Altana AG, 2002 to 2007

Management positions at Wacker-Chemie in the U.S. and Europe, 1985 to 2002

**Other Boards and Positions:**

Supervisory Board Member, Lanxess AG, a leading global manufacturer of synthetic rubber and chemical intermediates (2015 to present)

Supervisory Board, Altana AG (2016 to present)

Supervisory Board, Grillo-Werke AG, a manufacturer and supplier of zinc alloy products and chemicals (2014 to present)

Chairman, Ardex Group, a global supplier of high-performance specialty building materials (2015 to present)

**Dr. Wolfgruber has extensive leadership experience managing specialty chemicals businesses with global operations, with particular expertise in manufacturing, strategic investments and acquisitions.**

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**2019 PROXY STATEMENT**

**Proposal 1 Election of Directors (continued)**

**Mark S. Wrighton**

**Director Since:** 1997

**Committee Memberships:** Compensation

**Term of Office Expires:** 2021

**Age:** 69

**Independent**

**Business Experience:**

Chancellor, Washington University in St. Louis, since 1995

Faculty member, Massachusetts Institute of Technology, Provost, 1990 to 1995; Head of Chemistry Department, 1987 to 1990

**Other Boards and Positions:**

Director, Brooks Automation, Inc., a worldwide provider of automation, vacuum and instrumentation solutions to the global semiconductor and related industries (2005 to present)

Director, Corning, Inc., a specialty glass and ceramics company (2009 to present)

Director, A.G. Edwards, Inc., a financial services company (2000 to 2007)

Director, BJC HealthCare

Director, Donald Danforth Plant Science Center

Ex-officio Director, St. Louis Regional Chamber and Growth Association

Trustee, St. Louis Science Center

**Chancellor Wrighton has extensive scientific knowledge and understanding of complex technology, significant management and leadership experience, and a deep understanding of matters relating to public company management and oversight.**

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**2019 PROXY STATEMENT**

**Board Governance and Composition**

**Corporate Governance Guidelines**

Our Board of Directors has adopted Corporate Governance Guidelines that address director qualifications and independence, Board Committees, director compensation, Board performance evaluations, Board and Committee meetings, access to senior management, and Chief Executive Officer ( CEO ) performance evaluation and succession planning, among other matters. Many of the Board's practices and policies set out in these Guidelines are described in this discussion of Board Governance and Composition. The Corporate Governance Guidelines are posted on our website ([www.cabotcorp.com](http://www.cabotcorp.com)) under the heading Company About Cabot Governance Resources.

**Board Composition**

The Governance Committee is charged with reviewing the composition of the Board and refreshing it as appropriate to ensure the Board as a whole reflects a range of talents, skills, diversity and expertise needed to meet the evolving needs of our businesses and to oversee the execution of our strategy.

**Important Factors in Assessing Director Qualifications**

**Director Qualifications.** The Governance Committee strives to maintain an engaged, independent board with broad and diverse experience and judgment that is committed to representing the interests of our stockholders. Board candidates as well as nominees for re-election are evaluated in the context of the current composition of the Board of Directors and in relation to the Board's current and anticipated requirements. We expect our directors and any candidate or nominee to have integrity and to demonstrate high ethical standards. The Committee considers a wide range of factors when recruiting, selecting and nominating director candidates, including:

***Ensuring an experienced, qualified Board with expertise in areas relevant to Cabot.*** The Committee seeks directors who have held significant leadership positions and can bring to the Board specific types of experience relevant to Cabot. It is the Board's policy that the Board as a whole reflect a range of talents, skills and expertise, particularly in these areas:

**Management Leadership and Strategic Planning Experience.** We believe that directors who have held significant leadership positions over an extended period of time possess strong leadership qualities and demonstrate

a practical understanding of organizations, processes, strategy and risk management and know-how to drive change and growth. As a publicly traded company, we value experience on the boards of other publicly traded companies and other complex organizations.

**Specialty Chemicals Industry and Operations Experience.** We have sought directors with leadership and operational experience in the industries and value chains in which we operate.

**Global Experience.** We value directors with global business experience because our continued success depends, in part, on growing our businesses outside the United States. Further, we have significant manufacturing operations outside the U.S., and a majority of our revenues came from outside of the U.S. in fiscal 2018.

**Accounting and Finance Experience.** We use a broad set of financial metrics to measure our performance, and accurate financial reporting and robust auditing are critical to our success. Currently, five of our directors qualify as audit committee financial experts, and we expect all our directors to have an understanding of finance and financial reporting processes.

**Technology and Market Experience.** As a science and technology company and an innovator, we value directors with an understanding of technology and material science and the value chains in which we participate. We seek to grow organically by developing new products, and identifying new applications and markets for our existing products. This has become increasingly important as we intensify our focus on application innovation and formulated solutions under our Advancing the Core strategy.

**Enhancing the Board's diversity of background.** As a global company, we consider diversity an essential element of our culture. At the Board level and throughout our company we value the benefits we receive from different perspectives and strive for a talented and diverse workforce and a diverse Board that is representative of our global business, customers, employees and stockholders. In evaluating the suitability of individual Board nominees, the Governance Committee takes into account many factors, including general understanding of the disciplines relevant to the success of

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**2019 PROXY STATEMENT**

**Board Composition** (continued)

a publicly traded company with global manufacturing operations in today's business environment, professional experience, background, education, skill, age, race, gender and national origin. Although the Board does not have a formal written policy that solely addresses diversity, our Corporate Governance Guidelines prioritize diversity of origin, gender, background, experience and thought as important director selection criteria. The Committee reviews its effectiveness in balancing these considerations when assessing the composition of the Board.

**Individual Attributes.** The Board believes that to function effectively, all directors should demonstrate sound judgment, compassion, a willingness and ability to work with other members of the Board openly and constructively and the ability to communicate clearly and persuasively, and be able to dedicate the time sufficient to ensure the diligent performance of their duties on our behalf.

**Complying with the Board's independence guidelines.** When selecting and recruiting candidates, the Board looks at other positions the candidate has held or holds, including other board memberships, to determine whether any material relationship with Cabot exists that could impair the candidate's independence.

**Candidate Recommendations.** We identify candidates for election to the Board of Directors through the business networks of the directors and management and from recommendations made by third-party search firms upon the request of the Governance Committee. Over the past year, the Committee retained a search firm to help identify potential candidates. We evaluate candidates recommended by our stockholders in the same manner and on the same basis as candidates recommended by our directors, management or third-party search firms. Mr. Wilson was initially identified as a candidate for election to the Board by a third-party search firm, and upon the recommendation of the Governance Committee, the Board elected Mr. Wilson a director effective September 2018.

**Board Refreshment.** A number of changes have occurred in our Company's Board of Directors over the past several years as part of our continuing efforts to ensure that our Board has the right skills and tenures to best oversee management and the execution of our strategy and the associated risks. Our Board does not have a mandatory retirement policy. With respect to director tenure, the Board is of the view that a mix of tenures that takes into consideration appropriate levels of continuity, institutional memory and fresh perspectives is critical in achieving and maintaining a high-performing board.

Since the beginning of 2017, Michael Morrow, Cynthia Arnold and Frank Wilson have all joined our Board. Messrs. Morrow and Wilson bring substantial expertise in accounting, finance, strategic planning, business development and corporate governance, among other skills. Dr. Arnold brings a depth of experience in technology and innovation in the



chemical industry, and broad knowledge of the value chains in which we operate. In addition, Dr. Thomas and Mr. MacLeod retired from our Board, each after many years of service, and, as noted above, Mr. McGillicuddy will be retiring from the Board at the 2019 Annual Meeting. Further, with respect to Board leadership succession, after leading the Board as non-Executive Chair for a number of years, Mr. O'Brien stepped down from this position and Ms. Rataj assumed this leadership role in March 2018. The Board will continue to proactively manage its composition and make-up to ensure it has the appropriate mix of tenures and the requisite skills to address the Company's current and future needs.

### **How we Assess Director Independence**

***The Board's Guidelines.*** It is the Board's policy that at least the majority of the Board's members must be independent under our Corporate Governance Guidelines. The Governance Committee annually reviews the independence of all directors and reports its findings to the full Board. All our directors are independent under the Board's director independence standards, other than Mr. Keohane, our President and CEO, and Mr. Prevost, our former President and CEO. For a director to be considered independent, the Board must determine that he or she does not have any material relationship with Cabot. The Board's guidelines for director independence are consistent with the independence requirements in the New York Stock Exchange's listing standards. In addition to applying these guidelines, the Board evaluates all relevant facts and circumstances in making an independence determination. In assessing director independence, the Board considers all known relationships, transactions and arrangements among directors, their family members, and Cabot. In evaluating Dr. Arnold's independence, the Governance Committee considered that she had performed a short-term consulting assignment for the Company in 2017, prior to becoming a director, for which she received compensation from the Company of less than \$10,000 but has no on-going relationship to provide any additional services. The Board concluded that neither Dr. Arnold nor any of the non-management directors who served as directors during the 2018 fiscal year, other than Mr. Prevost, had a material relationship with Cabot.

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**2019 PROXY STATEMENT**

**Board Composition** (continued)

**Our Leadership Structure    Non-Executive Chair of the Board; Executive Sessions**

The Board elected Sue H. Rataj as Non-Executive Chair of the Board of Directors, effective March 9, 2018.

Although our Corporate Governance Guidelines do not require that our Chair and Chief Executive Officer positions be separate, our Board believes that this leadership structure is appropriate at this time because it allows our Chief Executive Officer to focus on the strategic and operational aspects of our business, while allowing the Non-Executive Chair of the Board to provide independent leadership for the Board. Our Board recognizes that future circumstances may lead it to change the leadership structure depending on Cabot's needs at the time and, as such, believes that it is important to retain flexibility. In the future, if the Chief Executive Officer also serves as Chair of the Board, our Corporate Governance Guidelines require that an independent director be appointed annually as lead director to set the agenda for and lead the executive sessions of the non-management directors at Board meetings and to undertake such other responsibilities as the independent Directors designate.

**Key Responsibilities.** Our Non-Executive Chair of the Board focuses on the Board's processes and ensuring it is prioritizing the right matters. Specifically, the Chair has the following responsibilities, and may perform other functions at the Board's request:

- presiding over meetings of our Board and stockholders, including executive sessions of the non-management directors;
- serving as an ex-officio member of each Board committee of which he or she is not a member and, upon invitation, attending those committee meetings where possible;
- establishing an agenda for each Board meeting in collaboration with our CEO and meeting with our CEO following each meeting to discuss any open issues and follow-up items;
- facilitating and coordinating communication among the non-management directors and our CEO and an open flow of information between management and our Board;
- in collaboration with the Governance Committee, leading our Board's annual performance review;
- meeting with each non-management director at least annually;
- providing assistance to our CEO by attending selected internal business management meetings and meeting with our CEO as necessary;
- coordinating the periodic review of management's strategic plan;

in collaboration with the Compensation Committee, leading our Board's review of the succession plans for our CEO; and working with management on effective stockholder communication and engagement.

### **How our Board Operates**

Our Board of Directors has six scheduled Board meetings to review and discuss Cabot's performance and prospects as well as the issues we face, with calls and communications between meetings as appropriate. The Board interacts directly with senior management during its meetings. The Board typically dedicates one meeting a year to a discussion of longer-term strategic issues the Company faces. During fiscal 2018, the Board met seven times and acted by written consent once.

A significant portion of the Board's oversight responsibility is carried out through its four operating committees.

**Committee Composition.** All of the members of our Audit Committee, Governance and Nominating Committee and Compensation Committee satisfy the NYSE's definition of an independent director.

**Committee Operations.** Each Committee meets periodically throughout the year, reports its actions to the Board, receives reports from senior management, annually evaluates its performance and can retain outside advisors. Each Committee's meeting materials are available for review by all directors.

**Committee Responsibilities.** The primary responsibilities of each Committee are listed below. For more detail about the responsibilities and functions of each Committee, see the Committee charters on our website ([www.cabotcorp.com](http://www.cabotcorp.com)) under the heading Company About Cabot Governance Resources.

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**2019 PROXY STATEMENT**

**Board Composition** (continued)

**Audit Committee**

**Members**

|                          |                       |
|--------------------------|-----------------------|
| Michael M. Morrow, Chair | John K. McGillicuddy* |
| Juan Enriquez            | Frank A. Wilson       |

\* Mr. McGillicuddy is retiring from the Board at the 2019 Annual Meeting.

**10 meetings and 1 action by written consent in fiscal 2018**

**Financial Acumen.** Mr. McGillicuddy, Mr. Morrow and Mr. Wilson are audit committee financial experts under SEC rules and each of these directors as well as Mr. Enriquez are financially literate under NYSE rules.

**Primary Responsibilities**

The Audit Committee assists the Board of Directors in its oversight of (i) the integrity of Cabot's financial statements, (ii) our compliance with legal and regulatory requirements, (iii) the independent registered public accounting firm's qualifications and independence, (iv) the performance of our internal audit function and (v) our risk assessment and risk management processes. The Audit Committee, among other functions:

- Has the sole authority to appoint, retain, terminate and determine the compensation of our independent registered public accounting firm.

- Monitors the qualifications, independence and performance of our independent registered public accounting firm and approves professional services provided by the independent registered public accounting firm.

- Reviews with our independent registered public accounting firm the scope and results of the audit engagement.

- Reviews the activities and recommendations of our independent registered public accounting firm.

- Discusses Cabot's annual audited financial statements, quarterly financial statements and earnings releases with management and Cabot's independent registered public accounting firm, including our disclosures under

Management's Discussion and Analysis of Financial Condition and Results of Operations.

Reviews Cabot's accounting policies, risk assessment and risk management processes, control systems, legal matters and compliance activities.

During fiscal 2018, the Committee's other priorities included treasury matters, including cash and debt management, financial process improvement initiatives, tax matters and information technology matters. The Committee also focused on cyber-security risk.

## **Compensation Committee**

### **Members**

John F. O'Brien, Chair

Mark S. Wrighton

William C. Kirby

**6 meetings and 3 actions by written consent in fiscal 2018**

### **Primary Responsibilities**

The primary responsibilities of the Compensation Committee are to:

Approve the corporate goals and objectives relevant to the compensation of our CEO, evaluate the CEO's performance and approve the CEO's salary and incentive compensation.

Establish policies applicable to the compensation, severance or other remuneration of Cabot's Management Executive Committee, review and approve performance measures and goals under incentive compensation plans applicable to such employees, and approve their salaries, annual short-term and long-term incentive awards, any severance payments and any other remuneration.

Review and approve the aggregate amount of bonuses to be paid to participants in Cabot's annual short-term incentive program.

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**2019 PROXY STATEMENT**

**Board Composition** (continued)

Administer Cabot's incentive compensation plans, equity-based plans and supplemental benefits arrangements, which includes approving the aggregate number of shares of stock granted under Cabot's long-term incentive program.

Appoint the members of the Company's Benefits and Investment Committees and monitor their activities. Important items for fiscal 2018 included establishing the compensation arrangements for the newly appointed members of the Company's Management Executive Committee and retaining a new independent executive compensation consultant to assist the Committee.

**Governance Committee**

**Members**

|                     |                        |
|---------------------|------------------------|
| Sue H. Rataj, Chair | Michael M. Morrow      |
| John F. O'Brien     | Matthias L. Wolfgruber |

**4 meetings in fiscal 2018**

**Primary Responsibilities**

The Governance Committee is charged primarily with:

- Developing and recommending to the Board corporate governance policies and procedures.
- Identifying individuals qualified to become directors of Cabot.
- Recommending director candidates to the Board to fill vacancies and to stand for election at the annual meeting of stockholders.
- Recommending Committee assignments.
- Leading the annual review of the Board's performance.
- Recommending compensation and benefit policies for Cabot's directors.
- Reviewing and making determinations regarding interested transactions under Cabot's Related Person Transaction Policy and Procedures.

During fiscal 2018, the Governance Committee focused on Board composition and refreshment, enhancing our Board evaluation process and the scope of responsibility of the Board's Safety, Health, Environment & Sustainability Committee.

### **Safety, Health, Environment & Sustainability ( SHE&S ) Committee**

#### **Members**

Matthias L. Wolfgruber, Chair  
Cynthia A. Arnold

Patrick M. Prevost

**4 meetings in fiscal 2018**

#### **Primary Responsibilities**

The SHE&S Committee reviews aspects of Cabot's safety, health, environmental and sustainability performance, process safety, security, product stewardship, community engagement and governmental affairs. In particular, the Committee reviews the following:

- Cabot's environmental reserve, and risk management processes.

- Environmental and safety audit programs, performance metrics, risk and opportunity assessments.

- Management processes related to our safety, health, environment and sustainability programs.

During fiscal 2018, the Committee focused on the Company's safety improvement plans, chemical risks and hazard assessments program, sustainability program and reporting, product safety and toxicology matters, and environmental remediation activities.

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**2019 PROXY STATEMENT**

**Board Composition** (continued)

**Executive Committee**

**Members**

|                     |                       |
|---------------------|-----------------------|
| Sue H. Rataj, Chair | John K. McGillicuddy* |
| Sean D. Keohane     | John F. O'Brien       |

\* Mr. McGillicuddy is retiring from the Board at the 2019 Annual Meeting.  
Did not meet or act in fiscal 2018

**Primary Responsibilities**

The Executive Committee reviews and, where appropriate, approves corporate action with respect to the conduct of our business between Board of Directors meetings. Actions taken by the Executive Committee are reported to the Board at its next meeting.

**How We Evaluate the Board's Effectiveness**

**Annual Evaluation Process.** Each year, the Governance Committee leads our Board's annual evaluation process. The process focuses on the effectiveness of the Board as a whole, prioritizing issues, and identifying specific issues for future discussion. In 2017, we refreshed our approach to the Board's evaluation process, and since then, it has included individual interviews with each director conducted by our General Counsel. The conversations are guided by a series of questions provided to the directors in advance covering Board and Committee membership, operations and responsibilities, as well as open-ended questions so that each director has leeway to discuss the issues he or she believes to be the most pertinent. The key themes, observations and suggestions are summarized and discussed first with the Governance Committee and later with the full Board. Based on these discussions, opportunities to further enhance the Board's effectiveness have been and are being implemented. In addition, we refreshed our process around individual director assessments. Our Non-Executive Chair conducted one-on-one discussions with each director to seek feedback on individual director performance.



## **Our Board's Role in Risk Oversight**

Our Board oversees our enterprise-wide program of risk management. Cabot management is primarily responsible for day-to-day risk management practices and, together with other personnel, regularly engages in an enterprise-wide risk assessment. This assessment is updated on a continual basis and includes a comprehensive review of a broad range of risks, including financial, operational, business, legal, regulatory, reputational, governance and managerial risks which may potentially affect the Company. From this assessment, the most significant risks in terms of their likelihood and severity are identified, and plans to manage and mitigate these risks are developed. Cabot management regularly reports to either the full Board or the relevant Committee of the Board our major risk exposures, their potential operational or financial impact on Cabot, and the steps we take to manage them.

Our Board has ultimate responsibility for risk oversight and oversees our corporate strategy, business development, capital structure, market exposure and country specific risks. Each Committee also has responsibility for risk oversight. The Audit Committee focuses on financial risk, including internal controls and legal and compliance risks and receives regular reports from our independent registered public accounting firm, our Director of Internal Audit and our General Counsel. The Audit Committee also oversees the Company's enterprise risk management processes and cybersecurity program. The SHE&S Committee assists the Board in fulfilling its oversight responsibility by reviewing the effectiveness of our safety, health, environment and sustainability programs and initiatives and overseeing matters related to stewardship and sustainability of our products and manufacturing processes. The Compensation Committee considers human resources risks and evaluates and sets compensation programs that encourage decision-making predicated upon a level of risk consistent with our business strategy. The Compensation Committee also oversees senior management succession planning and development. Finally, the Governance Committee considers governance and Board succession risks, and evaluates director skills and qualifications to ensure each Committee has directors with the requisite skills to oversee the applicable risks that are the focus of that Committee. The Company has a robust risk management program, the strength of which is not dependent on the Board's leadership structure.

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**2019 PROXY STATEMENT**

**Board Composition** (continued)

Our Compensation Discussion and Analysis ( CD&A ) describes our compensation policies, programs and practices for our named executive officers. Our corporate goal-setting, assessment and compensation decision-making processes described in our CD&A apply to all participants in our corporate short- and long-term incentive programs.

Participants in our long-term incentive program receive awards consisting of time-based restricted stock units and performance-based restricted stock units, and, in the case of members of the Management Executive Committee and a limited number of other participants, stock options. Beyond our corporate short- and long-term incentive programs, a substantial number of our facilities offer an annual cash incentive plan.

The Compensation Committee directed management, working with the Committee's independent consultant, Meridian Compensation Partners, to provide an evaluation on the design of all of our incentive plans to assess whether any portion of our incentive compensation programs encourages excessive risk taking. That assessment is presented to and reviewed by the Compensation Committee. Among the program features evaluated are the types of compensation offered, performance metrics, the alignment between performance goals, payout curves and the Company's business strategy, and the overall mix of incentive awards. The Company's compensation programs are designed with features that mitigate risk without diminishing the incentive nature of the compensation. Specific features of the programs to mitigate risk include, as applicable, the following: caps limiting the amount that can be paid under the corporate short- and long-term incentive programs and all of the local cash incentive programs; a balanced mix of annual and longer-term incentive opportunities; a mix of cash and equity incentives; multiple performance metrics; management processes to oversee risk associated with each of our incentive programs; stock ownership guidelines for members of the Management Executive Committee; a company compensation recoupment policy; and significant controls for important business decisions. In our CD&A we describe in more detail the features of our executive compensation programs that are designed to mitigate risk, including the oversight provided by the Compensation Committee, which reviews and approves the design, goals and payouts under our corporate short- and long-term incentive programs and each executive officer's compensation. Based on our assessment, we believe our compensation policies, programs and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

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**2019 PROXY STATEMENT**

**Other Governance Policies and Practices**

**Transactions with Related Persons**

***Policy and Procedures for the Review of Related Person Transactions***

Our Board has adopted a written policy for the review and approval or ratification of transactions involving related persons. Related persons consist of any person who is or was (since the beginning of the fiscal year) a director, nominee for director or executive officer of Cabot, any greater than 5% stockholder of Cabot and the immediate family members of any of those persons. The Governance Committee is responsible for applying the policy with the assistance of our General Counsel.

Transactions covered by the policy consist of any transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements, or relationships in which (1) the aggregate amount involved will or may be expected to exceed \$100,000 with respect to any fiscal year, (2) Cabot is a participant and (3) any related person has or will have a direct or indirect interest, other than solely as a result of being a director or a less than 10% beneficial owner of another entity (an interested transaction). Under the policy, the following interested transactions have a standing pre-approval from the Governance Committee, even if the aggregate amount is greater than \$100,000:

*Certain sales of stock by executive officers to Cabot.* (1) Sales of Cabot stock by an executive officer (including the CEO) to Cabot pursuant to the terms of our long-term incentive program or (2) other sales by executive officers (excluding the CEO) provided that the sale has been approved by our CEO, the per share purchase price is the fair market value of our common stock on the date of sale, the proceeds from the sale to the executive officer do not exceed \$500,000, and the sale does not take place during a quarterly blackout period.

*Certain transactions with other companies.* Any transaction between Cabot and another company if the aggregate amount involved does not exceed the greater of \$1,000,000 or 2% of that company's total revenues, or any transaction where Cabot is indebted to another company if the total amount of Cabot's indebtedness to the other company does not exceed 1% of that company's total consolidated assets. In both cases, the pre-approval applies if the related person's only relationship is as an employee (other than executive officer), director or beneficial owner of less than 10% of the other company's shares.

*Employment of executive officers; director compensation.* Any employment by Cabot of an executive officer if the related compensation is required to be reported in our proxy statement or if the compensation was approved by our

Compensation Committee. Any compensation paid to a director if the compensation is required to be reported in our proxy statement.

*Other transactions.* Competitively bid or regulated public utility services transactions; transactions involving trustee-type services; and transactions where the related person's interest arises solely from the ownership of our common stock and all common stockholders received the same benefit on a pro rata basis.

Each interested transaction by a related person that does not have standing pre-approval under the policy should be reported to our General Counsel for presentation to the Governance Committee for approval before its consummation or for ratification, if necessary, after its consummation. The Chair of the Governance Committee has the authority to pre-approve or ratify (as applicable) any interested transaction with a related person in which the aggregate amount involved is expected to be less than \$500,000. In determining whether to approve or ratify an interested transaction, the Governance Committee and the Chair may take into account such factors as they deem appropriate, which may include whether the interested transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person's interest in the transaction.

### ***Transactions with Related Persons***

Since the beginning of fiscal 2018, Cabot and its subsidiaries had no transactions, nor are there any currently proposed transactions in which Cabot or its subsidiaries was or is to be a participant, in which the amount involved exceeds \$120,000 and any related person (as defined above) had or will have a direct or indirect material interest reportable under SEC rules.

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**2019 PROXY STATEMENT**

**Other Governance Policies and Practices (continued)**

**Stockholder Engagement**

The Company welcomes stockholder engagement. Our directors are available to answer questions from stockholders at the 2019 Annual Meeting. In addition, we conduct stockholder outreach throughout the year to ensure management and the Board understand and consider the issues that matter most to our stockholders. We provide regular updates regarding the Company's performance and strategic actions to the investor community, and we participate in numerous investor conferences, one-on-one meetings, earnings calls, investor days, perception feedback discussions, and educational investor and analyst conversations. We also communicate with stockholders and other stakeholders through various media, including our annual report, proxy statement and other filings with the SEC, news releases and our website. We believe ongoing stockholder engagement allows us to respond effectively to stockholder concerns.

As part of our ongoing stockholder engagement efforts, we hosted an investor day in May 2018. We took the opportunity to, among other things, describe our business strategy, technology and application innovation advances, and how we are positioned for advantaged growth, showcase the talent and depth of our senior management team, and outline our long-term financial framework and capital allocation strategy.

**Procedures for Stockholders to Recommend Director Nominees**

The Governance Committee has a policy with respect to the submission of recommendations by stockholders of candidates for director nominees, which is available on our website. A stockholder wishing to recommend a candidate must submit the recommendation by a date not later than the 120<sup>th</sup> calendar day before the first anniversary of the date that Cabot released its proxy statement to stockholders in connection with the previous year's annual meeting. Recommendations should be submitted to the Company's Secretary in writing at Cabot Corporation, Two Seaport Lane, Suite 1300, Boston, Massachusetts 02210. The notice to the Secretary should include all information about the candidate that Cabot would be required to disclose in a proxy statement in accordance with Securities and Exchange Act rules or as required by the Company's by-laws, consent of the candidate to serve on the Board of Directors, if nominated and elected, and agreement of the candidate to complete, upon request, questionnaires customary for Cabot directors and to comply with applicable Company policies.

**Director Attendance at Meetings**

***Board/Committee Meetings.*** During fiscal 2018, each director attended at least 75% of the aggregate of the total Board meetings and the total meetings held by all of the Committees on which he or she served during the periods that

he or she served.

### **Code of Business Ethics**

We have adopted a code of ethics that applies to all of our employees and directors, including the Chief Executive Officer, the Chief Financial Officer, the Controller and other senior financial officers. The Code of Business Ethics is posted on our website ([www.cabotcorp.com](http://www.cabotcorp.com)) under the caption Company About Cabot Code of Business Ethics.

### **Communications with the Board**

Stockholders or other interested parties wishing to communicate with the Board, the non-management directors or any individual director may contact the Non-Executive Chair of the Board by calling 1-800-853-7602; by sending an email through our website using the link that is located under the caption Company About Cabot Governance Contact the Board of Directors ; or by writing to Cabot Corporation Board of Directors, c/o Alertline Anonymous, P.O. Box 3767, 13950 Ballantyne Corporate Place, Suite 300, Charlotte, North Carolina 28277.

Anyone who has a complaint or concern regarding our accounting, internal accounting controls or auditing matters may communicate that concern to the Chair of the Audit Committee by calling 1-800-853-7602; by sending an email through our website using the link that is located under the caption Company About Cabot Governance Contact the Board of Directors ; or by writing to Cabot Corporation Audit Committee, c/o Alertline Anonymous, P.O. Box 3767, 13950 Ballantyne Corporate Place, Suite 300, Charlotte, North Carolina 28277. All such communications to the Board of Directors or the Audit Committee will also be sent to Cabot's Office of Compliance.

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**2019 PROXY STATEMENT**

**Director Compensation**

Annual compensation for our non-employee directors is comprised of cash compensation and a grant of Cabot common stock. The Governance Committee is responsible for reviewing the form and amount of compensation paid to our non-employee directors and recommends changes to our Board of Directors as appropriate. The Governance Committee regularly reviews competitive market data with the assistance of Mercer LLC, a national executive compensation firm engaged by this Committee, to evaluate the reasonableness of our director compensation and the appropriate mix of cash and equity compensation. In November 2018, the Governance Committee evaluated the competitiveness of the Company's director compensation program, which included a review of director compensation data prepared for the Governance Committee by Mercer using the same peer group of companies our Compensation Committee uses for assessing the reasonableness of our executive compensation decisions. Based on this evaluation, and upon the recommendation of the Governance Committee, our Board of Directors approved, effective January 1, 2019, an increase in the annual equity compensation component of this program and several changes to the cash compensation component of the program, each as described below. Directors who are Cabot employees do not receive compensation for their services as directors.

**Cash Compensation**

In 2018, cash compensation for our non-employee directors consisted of an annual retainer of \$75,000, plus the following annual retainers for specific roles:

\$16,000 for serving on the Audit Committee (plus another \$25,000 for serving as Chair of the Audit Committee).

\$7,000 for serving on each of the Compensation, SHE&S or Governance Committees (plus another \$10,000 for serving as Chair of the Compensation, SHE&S or Governance Committees).

\$110,000 for serving as Non-Executive Chair of the Board of Directors.

Cash compensation is paid quarterly and, when changes occur in Board or Committee membership during a quarter, the compensation is pro-rated.

Effective January 1, 2019, we (i) increased the annual retainer from \$75,000 to \$90,000; (ii) eliminated the separate retainer for serving on a Committee; (iii) reduced the annual retainer paid to the Chair of the Audit Committee to \$20,000; (iv) increased the annual retainer paid to the Chair of the Compensation Committee to \$15,000; (v) retained the \$10,000 cash retainer paid to the Chairs of the Governance and SHE&S Committees; and (vi) agreed to eliminate the cash retainer paid to the Chair of the Governance Committee when the Chair of that Committee is also serving as

Non-Executive Chair of the Board. No change was made in the retainer paid to our Non-Executive Chair of the Board.

### **Stock Compensation**

Under the Cabot Corporation 2015 Directors' Stock Compensation Plan (the "Directors' Stock Plan"), each non-employee director is eligible to receive each calendar year shares of Cabot common stock as part of his or her compensation for services to be performed in that year. For calendar year 2018, each non-employee director whose term of office continued after the 2018 Annual Meeting of Stockholders received an award of shares having a grant date value as close as possible to \$110,000 (1,636 shares). Roderick C.G. MacLeod, who retired at the 2018 Annual Meeting, received a pro-rated grant of 409 shares. The closing price of our common stock on January 12, 2018, the date such shares were granted, was \$67.24. Upon her election to the Board effective January 18, 2018, Dr. Arnold received a grant of 1,654 shares as compensation for her services as a non-employee director to be performed in calendar 2018. The closing price of our common stock on January 18, 2018 was \$66.51. Upon his election to the Board on September 13, 2018, Mr. Wilson received a pro-rated grant of 586 shares as compensation for his services as a non-employee director to be performed in calendar 2018. The closing price of our common stock on September 13, 2018 was \$62.61.

Following the review of the competitiveness of our director compensation program, and upon the recommendation of the Governance Committee, for calendar year 2019, we increased the annual equity compensation paid to our non-employee directors to an award of shares having a grant date value as close as possible to \$120,000.

As of January 15, 2019, there were 266,526 shares available for issuance under the Directors' Stock Plan.

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**2019 PROXY STATEMENT**

**Director Compensation (continued)**

We believe that it is desirable for directors to have an equity interest in Cabot and we encourage all directors to own a reasonable amount of Cabot stock to align director and stockholder interests and to enhance a director's long-term perspective. Accordingly, our Corporate Governance Guidelines require non-employee directors to have an equity ownership in Cabot of at least 10,000 shares. It is expected that this ownership level will generally be achieved within a five-year period beginning when a director is first elected to the Board. For purposes of determining a director's compliance with this ownership requirement, any deferred shares held by a director are considered owned by the director. In addition, each non-employee director is required to retain the shares granted in any given year for a period of at least three years from the date of issuance or until the director's earlier retirement.

**Reimbursement of Certain Expenses; Charitable Giving**

Our Corporate Governance Guidelines state that Cabot will not provide retirement or other benefits or perquisites to non-employee directors. Directors, however, are reimbursed for reasonable travel and out-of-pocket expenses incurred in connection with attending Board and Committee meetings and other Cabot business-related events, and are covered by Cabot's travel accident insurance policy for such travel. In connection with the retirement of Mr. MacLeod from the Board of Directors at the 2018 Annual Meeting and in recognition for his many years of service, we made a \$25,000 contribution on his behalf to a charity he selected.

**Deferred Compensation**

Under the Cabot Corporation Non-Employee Directors' Deferral Plan (the "Deferred Compensation Plan"), directors can elect to defer receipt of any cash compensation payable in a calendar year for a period of at least three years or until they cease to be members of the Board of Directors. In any year, these deferred amounts are, at the director's choice, either (i) credited with interest at a rate equal to the Moody's Corporate Bond Rate for the month of November prior to the beginning of the applicable year or (ii) treated as invested in Cabot phantom stock units, based on the market price of shares of Cabot common stock at the time of deferral (with dividends paid on shares credited and treated as if reinvested in Cabot phantom stock units). Mr. Enriquez and Dr. Wolfgruber elected to defer receipt of their calendar year 2018 cash compensation and treat the deferred amounts as invested in Cabot phantom stock units. Messrs. Kirby and Prevost elected to defer receipt of their calendar year 2018 cash compensation and have it credited with interest at a rate equal to the Moody's Corporate Bond Rate. The Moody's Corporate Bond Rate used to calculate interest during calendar year 2018 was 3.88%.

Under the Deferred Compensation Plan, directors also may defer receipt of the shares of common stock issuable to them under the Directors' Stock Plan. For each share of stock deferred, a director is credited with one Cabot phantom stock unit to a notional account created in the director's name. Dividends that would otherwise be payable on the deferred shares accrue in the account and are credited with interest at a rate equal to the Moody's Corporate Bond Rate for the month of November prior to the beginning of the year. The rate used to calculate interest during calendar year 2018 was 3.88%. At the end of the deferral period, the deferred shares of Cabot common stock are issued to the director, along with the accrued cash dividends and interest earned, either in one issuance or in installments over a period of up to ten years, as selected by the director. Messrs. Enriquez, Kirby, McGillicuddy, Morrow, Prevost and Wilson and Dr. Wolfgruber elected to defer their calendar year 2018 stock awards.

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Table of Contents**2019 PROXY STATEMENT****Director Compensation** (continued)**Director Compensation Table**

The following table sets forth the compensation earned by our non-employee directors in fiscal 2018:

| Name              | Change in Pension   |                     |                             |                     |              | Total   |
|-------------------|---------------------|---------------------|-----------------------------|---------------------|--------------|---------|
|                   | Fees Earned or      | Stock               | Value and                   | All Other           |              |         |
|                   | Paid in             | Awards              | Nonqualified                | Compensation        | Compensation |         |
|                   | Cash                |                     | Deferred                    |                     |              |         |
|                   | (\$) <sup>(1)</sup> | (\$) <sup>(2)</sup> | Earnings(\$) <sup>(3)</sup> | (\$) <sup>(4)</sup> |              | (\$)    |
| Cynthia A. Arnold | 61,500              | 110,008             |                             | 7,000               |              | 178,508 |
| Juan Enriquez     | 98,000              | 110,005             | 1,874                       |                     |              | 209,879 |
| William C. Kirby  | 98,000              | 110,005             | 10,361                      |                     |              | 218,366 |

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|                        |         |         |        |         |
|------------------------|---------|---------|--------|---------|
| Roderick C.G. MacLeod  | 49,000  | 27,501  | 25,000 | 101,501 |
| John K. McGillicuddy   | 123,000 | 110,005 | 1,019  | 234,024 |
| Michael M. Morrow      | 98,000  | 110,005 | 7      | 208,012 |
| John F. O'Brien        | 139,558 | 110,005 |        | 249,563 |
| Patrick M. Prevost     | 82,000  | 110,005 | 2,443  | 194,448 |
| Sue H. Rataj           | 157,081 | 110,005 |        | 267,086 |
| Frank A. Wilson        | 7,583   | 36,689  |        | 44,272  |
| Matthias L. Wolfgruber | 99,000  | 110,005 | 160    | 209,165 |
| Mark S. Wrighton       | 89,000  | 110,005 | 9,368  | 208,373 |

1. Cash compensation earned reflects changes in Board and Committee service that occurred during the fiscal year. During the time he served as non-Executive Chair of the Board and Chair of the Governance Committee, Mr. O'Brien elected to not receive additional compensation as Chair of the Governance Committee. The amounts reported in this column for Messrs. Enriquez, Kirby and Prevost and Dr. Wolfgruber were deferred under the Deferred Compensation Plan described above.

2.

Reflects the grant date fair value of shares of stock granted to each non-employee director computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. The grant date fair value was calculated by multiplying the number of shares granted to the director by the closing price of our common stock on the date of grant, which, for all directors other than Dr. Arnold and Mr. Wilson, was January 12, 2018 (\$67.24). The grant date for Dr. Arnold was January 18, 2018 (\$66.51), and the grant date for Mr. Wilson was September 13, 2018 (\$62.61). The stock awards reported in this column for Messrs. Enriquez, Kirby, McGillicuddy, Morrow, Prevost and Wilson and Dr. Wolfgruber were deferred under the Deferred Compensation Plan described above.

3. Represents above-market interest (the portion exceeding 120% of the applicable long-term rate) on compensation deferred under the Deferred Compensation Plan by Messrs. Enriquez, Kirby, McGillicuddy, Morrow and Prevost and Drs. Wolfgruber and Wrighton.
4. Consists of a payment made to Dr. Arnold under a short-term consulting assignment for the Company prior to becoming a Director and a charitable contribution made on behalf of Mr. MacLeod in connection with his retirement from the Board of Directors at the 2018 Annual Meeting.

CABOT CORPORATION 23

Table of Contents**2019 PROXY STATEMENT****Beneficial Stock Ownership of Directors, Executive Officers and Persons Owning More Than Five Percent of Common Stock**

The following table shows the amount of Cabot common stock beneficially owned as of January 15, 2019 (unless otherwise indicated) by each person known by Cabot to beneficially own more than 5% of our outstanding common stock, by each director of Cabot, by each of our named executive officers and by all directors, nominees for director and executive officers of Cabot as a group. Unless otherwise indicated, each person has sole investment and voting power over the securities listed in the table.

| Name                                                     | Total Number<br>of Shares <sup>(1)</sup> | Percent of<br>Class <sup>(2)</sup> |
|----------------------------------------------------------|------------------------------------------|------------------------------------|
| <b>Holders of More than Five Percent of Common Stock</b> |                                          |                                    |
| BlackRock, Inc.                                          | (3)                                      |                                    |
|                                                          | 5,822,030                                | 9.4%                               |
| 55 East 52 <sup>nd</sup> Street                          |                                          |                                    |

New York, NY 10055

|                    |     |           |       |
|--------------------|-----|-----------|-------|
| The Vanguard Group | (4) |           |       |
|                    |     | 4,706,001 | 7.59% |

100 Vanguard Blvd.

Malvern, PA 19355

Directors and Executive Officers

|                   |  |       |   |
|-------------------|--|-------|---|
| Cynthia A. Arnold |  | 4,267 |   |
|                   |  |       | * |

|                 |     |        |   |
|-----------------|-----|--------|---|
| Brian A. Berube | (5) |        |   |
|                 |     | 86,437 | * |

|                     |     |        |   |
|---------------------|-----|--------|---|
| Eduardo E. Cordeiro |     |        |   |
|                     | (6) |        | * |
|                     |     | 47,349 |   |

Nicholas S. Cross

(7)

86,808

\*

Juan Enriquez

(8)

31,833

\*

Hobart C. Kalkstein

(9)

67,659

\*

Sean D. Keohane

(10)

228,845

\*

William C. Kirby

(11)

14,147

\*



|                      |                        |   |
|----------------------|------------------------|---|
|                      | 20,273 <sup>(12)</sup> |   |
| John K. McGillicuddy |                        | * |
| Erica McLaughlin     |                        |   |
|                      | (13)                   |   |
|                      | 16,563                 | * |
|                      |                        |   |
|                      | (14)                   |   |
| Michael M. Morrow    | 6,949                  | * |
| John F. O'Brien      |                        |   |
|                      | 53,333                 | * |
|                      |                        |   |
|                      | (15)                   |   |
| Patrick M. Prevost   | 219,559                | * |
| Sue H. Rataj         |                        | * |

|                                                          |         |      |
|----------------------------------------------------------|---------|------|
|                                                          | 16,193  |      |
|                                                          | (16)    |      |
| Frank A. Wilson                                          | 3,199   | *    |
| Matthias L. Wolfgruber                                   |         |      |
|                                                          | (17)    |      |
|                                                          | 10,488  | *    |
|                                                          | (18)    |      |
| Mark S. Wrighton                                         | 44,433  | *    |
| Directors and executive officers as a group (18 persons) |         |      |
|                                                          | (19)    |      |
|                                                          | 986,119 | 1.6% |

\* Less than one percent.

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**2019 PROXY STATEMENT**

**Beneficial Stock Ownership of Directors, Executive Officers and Persons Owning More Than Five Percent of Common Stock (continued)**

1. For Cabot's executive officers the number includes shares of Cabot common stock held for their benefit by the trustee of Cabot's 401(k) Plan. The shares of common stock allocated to the accounts of Cabot's executive officers in the 401(k) Plan constitute less than 1% of our common stock.
2. The calculation of percentage of ownership of each listed beneficial owner is based on 59,520,108 shares of Cabot common stock, which represents the number of shares outstanding on January 15, 2019, plus any shares that such individual or entity has the right to acquire within 60 days of January 15, 2019.
3. Based on an amendment to a Schedule 13G filed with the SEC on January 29, 2018 by BlackRock, Inc. (BlackRock). The Schedule 13G reports that BlackRock has sole voting power with respect to 5,576,863 shares and sole dispositive power with respect to 5,822,030 shares.
4. Based on an amendment to a Schedule 13G filed with the SEC on February 8, 2018 by The Vanguard Group (Vanguard). The Schedule 13G reports that Vanguard has sole voting power with respect to 32,449 shares, shared voting power with respect to 7,826 shares, sole dispositive power with respect to 4,670,359 shares and shared dispositive power with respect to 35,642 shares.
5. Includes 55,478 shares of common stock that Mr. Berube has the right to acquire within 60 days of January 15, 2019 upon the exercise of stock options and 8,789 shares of Cabot common stock held by the trustee for Cabot's 401(k) Plan for his benefit.
6. Includes 36,199 shares of common stock that Mr. Cordeiro has the right to acquire within 60 days of January 15, 2019 upon the exercise of stock options and 53 shares of Cabot common stock held by the trustee for Cabot's 401(k) Plan for his benefit.
7. Includes 51,328 shares of common stock that Mr. Cross has the right to acquire within 60 days of January 15, 2019 upon the exercise of stock options.
8. Includes 29,733 shares the receipt of which Mr. Enriquez has deferred under applicable Cabot deferred compensation plans. Mr. Enriquez has shared investment power with respect to 2,100 shares.
9. Includes 30,335 shares of common stock that Mr. Kalkstein has the right to acquire within 60 days of January 15, 2019 upon the exercise of stock options and 6,198 shares of Cabot common stock held by the trustee for Cabot's 401(k) Plan for his benefit.
10. Includes 164,590 shares of common stock that Mr. Keohane has the right to acquire within 60 days of January 15, 2019 upon the exercise of stock options and 11,825 shares of Cabot common stock held by the trustee for Cabot's 401(k) Plan for his benefit.
11. Mr. Kirby has deferred receipt of these shares under applicable Cabot deferred compensation plans.
12. Mr. McGillicuddy has deferred receipt of these shares under applicable Cabot deferred compensation plans.
- 13.

- Includes 11,326 shares of common stock that Ms. McLaughlin has the right to acquire within 60 days of January 15, 2019 upon the exercise of stock options.
14. Includes 4,949 shares the receipt of which Mr. Morrow has deferred under applicable Cabot deferred compensation plans.
15. Includes 6,301 shares the receipt of which Mr. Prevost has deferred under applicable Cabot deferred compensation plans, and 52 shares of Cabot common stock held by the trustee for Cabot's 401(k) Plan for his benefit.
16. Mr. Wilson has deferred receipt of these shares under applicable Cabot deferred compensation plans
17. Dr. Wolfgruber has deferred receipt of these shares under applicable Cabot deferred compensation plans.
18. Includes 100 shares held by Dr. Wrighton's wife, who retains sole voting control over the shares. Dr. Wrighton disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein.
19. Shares of our common stock shown as being beneficially owned by directors and executive officers as a group includes 27,779 shares of Cabot common stock held by the trustee for Cabot's 401(k) Plan for the benefit of Cabot's executive officers.

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**2019 PROXY STATEMENT**

**Executive Compensation**

**Compensation Committee Report**

The Compensation Committee of the Board of Directors (referred to as the "Compensation Committee" or the "Committee") has reviewed the Compensation Discussion and Analysis ("CD&A") section included in this Proxy Statement. The Compensation Committee has also reviewed and discussed the CD&A with the members of management who are involved in the compensation process.

Based on these reviews and discussions, the Compensation Committee recommended to the Board of Directors that the CD&A be included in this Proxy Statement and incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended September 30, 2018.

John F. O'Brien, Chair

William C. Kirby

Mark S. Wrighton

**Compensation Discussion and Analysis**

As context for our named executive officers' fiscal 2018 compensation, below we summarize Cabot's fiscal 2018 performance and provide a brief overview of the decisions made with respect to executive compensation in fiscal 2018 and our executive compensation programs for that year. We then describe our compensation philosophy and objectives, our compensation setting process and other compensation and governance related policies, and compensation awarded, earned and paid for fiscal 2018. For fiscal 2018, our named executive officers ("NEOs") and their current positions are:

Sean D. Keohane, President and Chief Executive Officer;  
Erica McLaughlin, Senior Vice President and Chief Financial Officer <sup>(1)</sup>;  
Nicholas S. Cross, former Executive Vice President, President, Performance Chemicals Segment, and President, EMEA Region <sup>(2)</sup>;  
Brian A. Berube, Senior Vice President and General Counsel;

Hobart C. Kalkstein, Senior Vice President, President, Reinforcement Materials Segment, and President, Americas Region; and  
Eduardo E. Cordeiro, former Executive Vice President and Chief Financial Officer, and President, Americas Region <sup>(3)</sup>.

- (1) Ms. McLaughlin became our Senior Vice President and Chief Financial Officer on May 15, 2018. Prior to this, she was our Vice President, Business Operations, Reinforcement Materials Segment and General Manager, Tire business.
- (2) Mr. Cross stepped down from this position effective September 30, 2018 and is currently a non-executive employee. The portion of Mr. Cross's compensation paid in Swiss Francs, unless otherwise noted, has been translated to U.S. Dollars using the average monthly exchange rate during the twelve-month period ended September 30, 2018 of U.S. \$1.0270145 per Swiss Franc, for purposes of this Proxy Statement.
- (3) Mr. Cordeiro stepped down from this position effective May 15, 2018 and his employment with Cabot terminated effective December 31, 2018.

## **Executive Summary**

### ***Our Performance in Fiscal 2018***

Our Advancing the Core strategy is designed to extend our leadership in performance materials by (i) investing for growth in our core businesses, (ii) driving application innovation with our customers, and (iii) generating strong cash flows through efficiency and optimization. The aim of this strategy is to deliver sustained and attractive total shareholder return (TSR), built on earnings growth and a balanced capital allocation framework. This strategy is intended to ensure that we invest sufficiently in our core businesses to capture opportunities and drive long-term earnings growth while also providing our shareholders with a meaningful cash return.

During fiscal 2018, we delivered strong performance on our financial goals, and

generated adjusted earnings per share (EPS) of \$4.03\*, representing a 14% increase compared with fiscal 2017;  
generated cash flow from operating activities of \$298 million;

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**2019 PROXY STATEMENT**

**Executive Compensation** (continued)

generated \$253 million of discretionary free cash flow\* and returned \$222 million of it to shareholders, which included \$100 million in excess of our 50% target returned through incremental share repurchases.

\* Adjusted EPS and discretionary free cash flow are not measures of performance under U.S. generally accepted accounting principles ( GAAP ). Please see Appendix A for reconciliations to the most comparable GAAP financial measures.

We also advanced a number of long-term strategic investments to extend our leadership positions and to drive sustained growth of earnings and free cash flow. Our investments for growth in our core businesses included:

acquiring NSCC Carbon (Jiangsu) Co., Ltd from Nippon Steel Carbon Co., Ltd. (which we completed in September 2018), with plans to modify the manufacturing facility to produce specialty carbons; announcing plans to add rubber blacks capacity through an expansion of our facility in Cilegon, Indonesia; and acquiring Tech Blend (which we completed in November 2017), which extends our global footprint in black masterbatch and compounds and enhances our platform to grow in the strategic area of conductive formulations. We made notable progress in our efforts to drive application innovation. This is best exemplified by growth from new customer qualifications and next-generation products in our energy materials product line, and our acquisition of Applied Nanostructured Solutions.

Our efficiency and optimization achievements included:

dynamic commercial and supply chain optimization;  
continued efforts to execute capital efficient debottleneck projects around the world to support capacity growth for our Specialty Carbons and Reinforcement Materials businesses;  
improvements in the reliability and operating efficiency of our energy centers, which reduce our costs and contribute to our sustainability goals in the areas of energy and greenhouse gas emissions reductions; and;  
continued work on yield improvement.

In addition, during fiscal 2018 we made further progress in achieving our sustainability agenda. Notably, our manufacturing facility in Tianjin became the first plant in the chemical industry in China to achieve certification to the

Responsible Care 14001 standard, the global standard for safety & health, environmental and security management systems established by the American Chemistry Councils Responsible Care program, by auditors from the international registrar, BSI. In addition, we received a Gold rating from EcoVadis, an independent sustainability monitoring organization, for our 2018 Sustainability Report, which is the third consecutive year that we have received a Gold rating. Further, we continued to make progress toward creating a more inclusive and diverse organization. We made marked progress in increasing diversity representation on our Management Executive Committee, hired a Director of Diversity and Inclusion and organized a Diversity and Inclusion Council.

### ***Executive Transitions***

A number of management changes took place at the Company during fiscal 2018. In May 2018, Mr. Cordeiro stepped down from his position as EVP and CFO of the Company and President, Americas Region. Ms. McLaughlin assumed financial leadership of the Company as SVP and CFO and Mr. Kalkstein become President, Americas Region. In addition, Mr. Cross stepped down from his position as EVP and President, Performance Chemicals Segment, and President, EMEA Region, effective September 30, 2018, and his responsibilities were transitioned to other senior leaders within Cabot. The compensation decisions made in connection with these changes are described later in this CD&A.

### ***Highlights of our Fiscal Year 2018 NEO Compensation Decisions and the Impact of Company Performance on Compensation.***

We believe fiscal 2018 compensation appropriately aligned named executive officers' pay with our corporate performance, with a significant portion of the compensation paid to our named executive officers based on our performance against pre-established corporate financial goals.

**Base Salary.** All of our named executive officers received a base salary increase for calendar 2018 during our annual salary review process that took place in November 2017. These increases, which ranged from 2% to 6%, were made in

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**2019 PROXY STATEMENT**

**Executive Compensation** (continued)

recognition of the officers' strong individual performance and leadership. In addition, Ms. McLaughlin received a base salary increase during the year in connection with her promotion and the associated increased job responsibilities she assumed, which was based on a review of market data, as further described in this CD&A. With these increases, overall, the base salaries of our named executive officers for fiscal 2018 were aligned and consistent with our compensation philosophy, which considers individual performance and leadership, scope of responsibilities, the number of years the executive has held the position, and benchmark compensation data to arrive at a market competitive base level of compensation appropriate for the individual. (See pages 39-42 for further details).

**STI Awards and Payouts.** The Company achieved performance above the maximum level of the adjusted earnings before interest and taxes ( EBIT ) metric and within the target range level of the net working capital ( NWC ) days metric established by the Committee under our short-term incentive ( STI ) program, resulting in a payout of the portion of the award that is based on our financial performance of 180% of target. The balance of the amounts paid in respect of STI awards to members of our Management Executive Committee, including our named executive officers, reflected their individual performance and leadership, and ranged from 0% to 160% of target. The total STI awards made to the members of our Management Executive Committee, including our named executive officers, ranged from 126% to 174% of the named executive officer's target award. (See pages 39-42 for further details about awards and payouts made to our named executive officers).

**LTI Awards and Payouts.** Our long-term incentive ( LTI ) awards consist of a combination of performance-based restricted stock units ( PSUs ) (35%), time-based restricted stock units ( TSUs ) (30%) and stock options (35%) (with percentages measured based on the awards' grant date values, assuming target level achievement of applicable performance metrics in the case of PSUs). The grant date value of the awards granted in fiscal 2018 to each named executive officer was based on an assessment of the named executive officer's position, role and responsibilities within the Company, the overall competitiveness of his or her total direct compensation, and internal equity (the relationship of pay among the executive officers in the context of their responsibilities) considerations. In addition, as described below, Ms. McLaughlin received a supplemental LTI award in connection with her promotion to the role of Senior Vice President and Chief Financial Officer.

As described below, each PSU award is allocated evenly into three tranches, with each tranche having a separate fiscal year performance period and the entire award having a three-year vesting period. The performance metrics and goals for each performance period are established at the time of grant. Our financial performance in each fiscal year determines the percentage of the target award earned for that fiscal year performance period in three outstanding PSU awards. The percentage of the target awards earned for fiscal 2018 performance with respect to outstanding PSUs is

set forth below. For each performance metric, adjusted EPS and adjusted return on net assets ( RONA ), achieving the target level of performance results in a payout of 100% of the portion of the award that is payable with respect to that metric. We believe that the PSUs earned based on our fiscal 2018 financial results properly aligned our LTI compensation with our very strong fiscal 2018 financial performance, consistent with the role of these awards in advancing our pay-for-performance philosophy.

| Outstanding LTI Award         | Performance Metrics and % of                      |                                                                           |
|-------------------------------|---------------------------------------------------|---------------------------------------------------------------------------|
|                               | Target Earned based on<br>Fiscal 2018 Performance | Total % of Target PSU<br>Award Earned based on<br>Fiscal 2018 Performance |
| Fiscal 2016 Grant (2016-2018) | Adjusted EPS (153.0%); Adjusted RONA (200.0%)     | 162.4%                                                                    |
| Fiscal 2017 Grant (2017-2019) | Adjusted EPS (170.6%); Adjusted RONA (183.3%)     | 173.1%                                                                    |
| Fiscal 2018 Grant (2018-2020) | Adjusted EPS (167.8%); Adjusted RONA (183.3%)     | 170.9%                                                                    |

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**2019 PROXY STATEMENT**

**Executive Compensation** (continued)

**Characteristics of our Executive Compensation Programs**

Our executive compensation programs include a number of practices intended to align the interests of management and our shareholders.

**What We Do**

Link pay to performance; significant portion of executive pay is not guaranteed

Tie performance-based awards to achievement of pre-established financial metrics

Use our STI awards to recognize individual performance and leadership and achievement of corporate goals

Balance the mix of pay components, including cash, stock options, and restricted stock units (both performance- and time-based)

Cap incentive awards under our STI and LTI programs

**What We Don't Do**

Enter into employment contracts with our CEO and other NEOs, with the exception of Mr. Cross, who is a Swiss-based employee

Provide for excise tax gross-ups in the event of a change in control

Reprice underwater stock options without shareholder approval

Permit hedging or short sales of company stock

Provide single-trigger change in control vesting in our equity awards

Provide long-term focus by setting multiple years of performance objectives for PSU grants at the time of grant

Maintain stock ownership guidelines

Subject STI and LTI program compensation to our recoupment policy

Provide modest perquisites consisting primarily of financial planning and an executive physical examination

### **Consideration of Results of Shareholder Advisory Votes on Executive Compensation**

At our 2018 Annual Meeting, we conducted an advisory (non-binding) shareholder vote on executive compensation, as required by the Dodd-Frank Act. Over 95% of the shares voted approved the executive compensation discussed and disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and other related tabular and narrative disclosures contained in our 2018 proxy statement. In considering the results of this most recent favorable advisory vote on executive compensation, the Compensation Committee determined that the Company's executive compensation programs have been effective in implementing the Company's stated compensation philosophy and objectives, and directly aligning compensation paid or earned with Company performance. Therefore, the Committee did not make any changes to the structure of these programs.

The Compensation Committee recognizes that executive pay practices and corporate governance principles continue to evolve. Accordingly, it will continue to monitor executive compensation practices and make adjustments as necessary to ensure that our executive compensation programs continue to support our corporate goals and objectives and reflect good corporate governance principles.

The Compensation Committee pays close attention to the advice of its compensation advisors and provides access for our shareholders who would like to communicate on executive compensation directly with the Compensation Committee or the Board. You may contact the Board of Directors through our website at [Company About Cabot Governance Contact the Board of Directors](#).

### **Compensation Philosophy, Objectives and Process**

Continuing to position Cabot for future success requires the talent to support our business and Advancing the Core strategy. Our executive compensation programs are designed to provide a competitive and internally equitable compensation and benefits package that rewards individual and Company performance and reflects job complexity and the strategic value of the individual's position while promoting long-term retention and motivation. We seek to accomplish these goals in a way that is aligned with the long-term interests of our shareholders.

To achieve these goals, our executive compensation programs follow these principles:

Offer a total compensation opportunity and a benefits package that are competitive in our industry;



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**Executive Compensation** (continued)

Reward executives based on our business performance by closely aligning a meaningful portion of their compensation with the performance of the Company on both a short- and long-term basis;  
Set challenging but achievable performance goals that support the Company's short- and long-term financial goals;  
Motivate individual performance by rewarding the specific performance and achievements of individual executives and their demonstrated leadership; and  
Align the interests of our executives and our shareholders through performance-based compensation, equity grants and share retention guidelines.

**Our Compensation Setting Process**

***The Compensation Committee***

As discussed under **Board Composition** **How our Board Operates** **Compensation Committee**, on page 15, the Compensation Committee is responsible for all compensation decisions related to members of the Company's Management Executive Committee, which includes all our named executive officers.

The annual compensation process for the preceding fiscal year concludes at the Committee's meeting in November, when the Committee evaluates the Company's performance against the corporate performance goals set for the just-concluded fiscal year and also evaluates each executive officer's individual performance and, on this basis, determines the amounts payable or earned, as applicable, in respect of the fiscal year under our STI and LTI programs. Each November, the Compensation Committee also (i) determines any adjustments to base salaries, with any adjustment typically effective the following January, (ii) sets corporate performance metrics applicable to our STI and LTI programs for the current fiscal year, (iii) grants LTI awards, and (iv) establishes performance goals and maximum payment levels under our STI and LTI programs for the current fiscal year, in each case, for each named executive officer.

A description of the Compensation Committee's roles and responsibilities is set forth in its written charter adopted by the Board of Directors, which can be found at [www.cabotcorp.com](http://www.cabotcorp.com) under **Company** **About Cabot** **Governance Resources**.

***Role of the Compensation Consultant***

The Compensation Committee retained Pearl Meyer as its independent compensation consultant for purposes of executive compensation matters from January 2006 through February 2018. Following an RFP process, the

Committee terminated its consulting arrangement with Pearl Meyer and retained Meridian Compensation Partners ( Meridian ) as its independent compensation consultant for purposes of executive compensation matters commencing in March 2018. The scope of both consultants' services to the Committee, as applicable, during fiscal 2018 was to provide the Committee with advice on a broad range of executive compensation matters, including the following:

- Apprising the Committee of compensation-related trends and developments in the marketplace;
- Informing the Committee of regulatory developments relating to executive compensation practices;
- Reviewing and assessing the composition of the group of peer companies used for benchmarking purposes;
- Providing the Committee with an assessment of the market competitiveness of our executive compensation programs;
- Assessing the relationship between executive compensation actually paid and corporate performance;
- Identifying potential changes to our executive compensation programs to maintain market competitiveness and consistency with business strategies, good governance practices and alignment with shareholder interests; and
- Reviewing the disclosure of our executive compensation programs in the proxy statement.

Pearl Meyer attended all regularly scheduled meetings of the Compensation Committee through February 2018 and Meridian attended all such meetings thereafter.

The Compensation Committee has assessed the independence of Pearl Meyer and of Meridian pursuant to SEC rules and concluded that no conflict of interest exists that prevented either Pearl Meyer or Meridian from independently advising the Compensation Committee.

#### ***Role of the Chief Executive Officer and Other Officers***

Each year, our CEO and our Chief Human Resources Officer ( CHRO ), working with internal resources as well as the Compensation Committee's independent compensation consultant, review the design of our executive compensation

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**2019 PROXY STATEMENT**

**Executive Compensation** (continued)

programs and recommend modifications to existing, and/or the adoption of new, plans and programs to the Compensation Committee. In addition, our CEO recommends to the Committee the performance metrics and goals to be used to determine payouts under our STI and LTI programs, and each named executive officer's individual performance goals (other than the CEO's) are jointly developed by the executive and the CEO.

Before the Compensation Committee makes compensation decisions regarding the compensation of our named executive officers, the CEO provides his assessment of each named executive officer's performance, other than his own, addressing such factors as the officer's achievement of individual goals, leadership accomplishments, contribution to Cabot's performance and the achievement of Company goals, and areas of strength and areas for development. He then makes specific award recommendations. In preparing compensation recommendations for the Committee, our CEO, our CHRO and other members of management involved in the process review compensation and survey data compiled by the Committee's independent compensation consultant for similarly-situated executives at our peer group of companies and external competitive market data provided by such consultant, as described below. Our CEO attends Compensation Committee meetings but is not present for, and does not participate in, any discussions concerning his own compensation. All decisions relating to the compensation of our named executive officers are made solely by the Committee and are reported to the full Board of Directors.

***Use of Benchmarking Comparison Data***

The companies we have included in our compensation peer group consist of companies in the diversified chemicals or specialty chemicals industries with similar products and services and with revenues and a market capitalization generally between one-third and three times the Company's revenue and market capitalization. The Compensation Committee reviews executive compensation data for executives with comparable positions at these peer group companies to gauge the reasonableness of its executive compensation decisions and the competitiveness of our executive compensation program. The Compensation Committee believes this allows us to successfully attract and retain experienced executive talent who are critical to our long-term success.

The Compensation Committee annually reviews the companies included in our compensation peer group and may add or eliminate companies as it determines to be appropriate. For purposes of fiscal 2018 compensation matters our compensation peer group consisted of the following 17 companies:



A. Schulman, Inc.  
Albemarle Corporation  
Ashland Inc.  
Axalta Coating Systems  
Celanese Corporation  
Chemtura Corporation  
Eastman Chemical Company  
FMC Corporation  
Ferro Corporation

H.B. Fuller Company  
Minerals Technologies  
PolyOne Corporation  
RPM International Inc.  
Stepan Company  
Tronox Limited  
Westlake Chemical  
W.R.Grace & Co.

In preparation for the fiscal 2019 executive compensation review season and the decisions that the Compensation Committee has made and will make with respect to 2019 compensation, the Compensation Committee reviewed, with its independent compensation consultant, the peer group companies listed above and removed Eastman Chemical Company and Westlake Chemical largely because of their size relative to Cabot, removed A. Schulman, Inc. because of its then pending acquisition by LyondellBasell, and removed Chemtura Corporation because of its acquisition by Lanxess. The Committee, with its independent compensation consultant, also reviewed other companies identified as potential additions to the peer group based on its screening criteria, and the Committee added the following companies to our peer group: The Chemours Company, Huntsman Corporation, Innospec Inc., Kraton Corporation, NewMarket Corporation, Platform Specialty Products Corporation, and Trinseo S.A.

The Compensation Committee and management also consider compensation survey data. The survey data used is based on information reported in Willis Towers Watson and Mercer Executive Compensation surveys. For positions where compensation peer group and survey data are available, the peer group and survey data are averaged to provide a market composite perspective for compensation.

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**2019 PROXY STATEMENT**

**Executive Compensation (continued)**

At least annually the Compensation Committee reviews tally sheets that detail all elements of each named executive officer's compensation and benefits for the current and prior fiscal years, as well as a projection of his or her compensation for the upcoming fiscal year. These are provided to the Committee as a means to review the total compensation and benefits package for each named executive officer and the impact of any compensation decisions on such compensation and benefits levels. The Compensation Committee made no changes to our current executive compensation programs or any individual named executive officer's proposed compensation for fiscal 2018 based on the information set forth in the tally sheets.

**Factors Considered in Determining Amounts of Compensation**

The Compensation Committee considers the following factors in determining each named executive officer's total annual and long-term compensation opportunities:

the officer's role, level of responsibility, performance, leadership, and experience;  
employee retention and internal equity considerations; and  
external competitiveness.

For fiscal 2018, the Compensation Committee targeted our named executive officers' base salaries and target STI opportunities generally at the market median of the benchmarking data used by the Committee, as described under "Use of Benchmarking Comparison Data" above, and targeted LTI award values generally at the 65<sup>th</sup> percentile of this benchmarking data. This practice was intended to result in our named executive officers' target total direct compensation generally being at the 60<sup>th</sup> percentile of the benchmarking data. The actual compensation for each named executive officer was above or below the officer's target compensation opportunity depending largely on the degree to which Company and individual performance objectives were achieved.

The Compensation Committee re-assessed its targeting strategy during fiscal 2018. Beginning with executive compensation decisions for fiscal 2019, the Committee has adopted an approach that defines competitiveness as a range around the market 50<sup>th</sup> percentile for all elements of total direct compensation (base salary, target STI awards and LTI awards (with PSUs valued at target)). The Committee believes that a range provides the Committee with the framework to target market median, but to vary compensation opportunities as it deems appropriate based on individual and Company circumstances.

## **Developing Company Performance Metrics**

The performance metrics we set are intended to support our short- and long-term business plans and strategies. In fiscal 2018, we used four financial metrics to promote well-rounded Company and management performance, as described below.

For our STI awards we used adjusted EBIT as the principal financial performance metric because it reflects an important near-term goal of improving our operating profitability and is a key driver of TSR. To increase the focus on efficiently managing our investments in working capital, we also used a NWC days metric in our STI awards.

For our PSU awards, we used adjusted EPS as the principal financial performance metric because it reflects an important longer-term financial goal of improving our after-tax profitability. Because our business is capital intensive, we believed it was also appropriate to include a return metric under our LTI program and, as a result, used adjusted RONA, which measures how effectively and efficiently we use our operating assets to generate earnings.

In selecting our short- and long-term financial performance metrics and setting the goals under each of the metrics, we begin with our annual and long-term business plans and consider other factors, including the growth expectations under our corporate strategy, our past variance to targeted performance, economic and industry conditions and industry sector performance. We intend to set challenging, but realizable, goals, including those that are realizable only as a result of exceptional performance, for the Company and our executives in order to drive the achievement of our short- and long-term objectives. We recognize that from time to time we may need to change the metrics we use to reflect new priorities and business circumstances. We expect to continue to reassess our performance metrics and goal setting process annually.

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**2019 PROXY STATEMENT**

**Executive Compensation** (continued)

**Our Performance-based Compensation Philosophy**

Our executive compensation programs are designed to provide more than 50% of each named executive officer's total direct compensation opportunity in the form of performance-based compensation (STI awards, stock options and PSUs). For fiscal 2018, 64% of the total direct compensation opportunity for our CEO was performance-based and not guaranteed. The performance-based portion of the total direct compensation opportunities for our other named executive officers (other than our CEO) for fiscal 2018, on average, was 54%. The charts below show the total direct compensation opportunities provided to our named executive officers for fiscal 2018, as well as the mix between short- and long-term compensation and at-risk and not at-risk compensation.

***How Did our STI Program Work for Fiscal 2018?***

We provide annual STI awards to drive the achievement of key business results and to recognize individuals based on their contributions to those results and Cabot's overall performance. Each named executive officer has an annual target incentive opportunity under our STI program, which is expressed as a percentage of his or her base salary. The actual amounts payable in respect of STI awards range from 0% to 200% of the target award opportunity, with 70% of each award based on the achievement of pre-established corporate financial goals and the remaining 30% of each award based on individual performance and achievements. We used two financial metrics to measure corporate performance for determining payouts under our STI program for fiscal 2018: adjusted EBIT, which had an 80% weighting, and NWC days, which had a 20% weighting. The Committee established a threshold, target, and maximum level for each financial metric, and for adjusted EBIT, also a stretch level, with payout for performance between performance levels determined on a straight-line basis. For NWC days, the target level was a short operating band of days so that small variations around demonstrated performance levels would not be rewarded or penalized. Further, if the threshold adjusted EBIT goal was not achieved, no payouts in respect of corporate performance under our STI program would be made. Even if the threshold levels of performance were achieved, the Committee nonetheless retained the discretion to decrease the amount of the awards based on our level of achievement of other corporate goals in the areas of safety, environmental performance, customers, innovation and people.

At the beginning of each fiscal year, the non-Executive Chair, with input from the other independent directors, develops the individual performance objectives for our CEO, which are then approved by the Committee. Each of our

other executive officers develops with the CEO his or her individual performance objectives for the year. In assessing each executive officer's individual performance, the Committee considers the officer's personal achievements, including his or her achievements against established individual performance objectives, as well as individual contributions to the management team and to the Company, and leadership and management of the executive officer's business, region or function, as applicable. The Committee does not assign specific numerical weightings or ratings to the individual performance objectives and the performance of each officer is evaluated as a whole. Furthermore, there are no formal threshold

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levels of achievement applicable to the individual performance component of our STI program. Ultimately, the determination of the payout of the portion of the STI awards based on individual performance is based on the judgment of the CEO (with respect to his direct reports) and the Committee after reviewing all relevant factors, with the final determination made by the Committee.

We believe that the fiscal 2018 STI payouts properly aligned annual incentive compensation with the Company's fiscal 2018 financial performance, consistent with the STI program's role in our overall compensation program. The adjusted EBIT and NWC days targets for the fiscal 2018 STI awards and our actual fiscal 2018 performance were as follows:

**Fiscal 2018 STI Program Targets and Results**

|                         | <b>Threshold<br/>Level</b> | <b>Target<br/>Level</b>   | <b>Stretch<br/>Level</b>  | <b>Maximum<br/>Level</b>  | <b>Fiscal 2018<br/>Results</b> | <b>Percent<br/>Payout</b> |
|-------------------------|----------------------------|---------------------------|---------------------------|---------------------------|--------------------------------|---------------------------|
|                         | <b>(50 %<br/>payout)</b>   | <b>(100 %<br/>payout)</b> | <b>(150 %<br/>payout)</b> | <b>(200 %<br/>payout)</b> |                                |                           |
| Adjusted EBIT (80%)     | \$ 315 million             | \$ 376 million            | \$ 394 million            | \$ 412 million            | \$ 419 million                 | 200.0%                    |
| NWC Days (20%)          | 90                         | 83-81                     |                           | 74                        | 83                             | 100.0%                    |
| Weighted average payout |                            |                           |                           |                           |                                | 180.0%                    |

The portion of the STI award that was earned by each named executive officer based on individual performance reflected his or her strong individual performance and leadership in fiscal 2018 (ranging from 85% to 160% of target), with the total STI awards ranging from 151% to 174% of the named executive officer's target award. Detailed information about each named executive officer's fiscal 2018 STI payout is set forth in the discussion below under the heading "Fiscal 2018 Compensation Decisions".

***How Did our LTI Program Work for Fiscal 2018?***

We provide our named executive officers with LTI awards to promote retention, to incentivize sustainable growth and long-term value creation, and to further align the interests of our executives with those of our shareholders by tying the executives' realized compensation to stock price changes during the performance and/or vesting periods. The grant date value of LTI awards granted to each named executive officer for a given year is based on an assessment of the individual's position, role and responsibilities within the Company, the overall competitiveness of his or her total direct compensation opportunity, and internal equity considerations. The Committee also considers compensation peer group

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**2019 PROXY STATEMENT**

**Executive Compensation (continued)**

data for a general understanding of competitive equity compensation practices as well as the impact of the grants on equity incentive plan usage, share dilution, the Company's compensation expense and employee retention concerns.

70% of the target value of our executives' LTI awards is performance-based, consisting of a combination of PSUs and stock options. When making LTI awards for fiscal 2018, the Compensation Committee first determined the total grant date value of the awards to be granted to each executive, and then delivered that value in three components: PSUs representing 35%, stock options representing 35%, and TSUs representing 30%, respectively, of the total grant date value of the award, assuming target level achievement of applicable performance metrics for PSUs. The terms of each type of LTI award are described in further detail below, which terms are generally applicable to LTI awards granted in fiscal 2018 and in previous fiscal years.

PSUs reward performance and the execution of our goal to deliver year-over-year and long-term growth in earnings and to increase the operating profit we generate relative to the capital we invest in our businesses. Stock options are performance-based because no value is created unless the value of our common stock appreciates after grant and they encourage employee retention through the use of a time-based vesting schedule. TSUs encourage employee retention by providing some level of value to executives who remain employed for three years. PSUs, stock options and TSUs also support an ownership culture and thereby encourage our executives to take actions that are best for Cabot's long-term success. Importantly, although each of these equity awards provides a competitive economic value on the date of grant, their ultimate value to an executive will depend upon the degree to which we achieve objectively measurable performance metrics and/or the market value of our common stock after the end of the relevant vesting period. That value will be largely dependent upon our performance, our stock price appreciation and market dynamics.

***PSUs***

To reinforce the long-term nature of the PSU awards and to reward performance and the execution of our long-term growth goals, at the time of grant the performance metrics and goals for each performance period of the award are established. Specifically, each award of PSUs is allocated evenly into three tranches, with each tranche having a one-year performance period and the entire award having a three-year vesting period. When the award vests at the end



of the applicable three-year period, the number of shares of stock issuable, if any, will depend on the degree of achievement of corporate performance metrics for each year within the three-year performance period. Based on the degree to which we achieve the performance metrics, an executive may earn between 0% to 200% of the number of PSUs allocated to each tranche of his or her award.

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**Table of Contents****2019 PROXY STATEMENT****Executive Compensation** (continued)

Threshold, target, stretch and maximum goals are established for the corporate performance metrics for each tranche in the three-year performance period at or before the time of grant of the PSUs. In November 2017, at the time it approved the grant of PSU awards, the Committee established the performance metrics and goals for the fiscal 2018, fiscal 2019 and fiscal 2020 performance periods of these awards, based on the Company's long range plan and expectations for the Company's earnings growth and performance over that three-year period. Setting metrics in this way serves to both reinforce the long-term nature of these awards and to incentivize our leaders to achieve incrementally more challenging goals for each fiscal year included in the award. Our actual performance against those goals determines the number of shares that will be issuable in respect of the PSUs when the awards vest. The payout for performance between performance levels is interpolated on a straight-line basis. The financial metrics used to measure corporate performance are adjusted EPS, with an 80% weighting, and adjusted RONA, with a 20% weighting.

To reinforce the capital allocation goal of returning a substantial portion of discretionary free cash flow to shareholders under our Advancing the Core strategy, for PSUs granted in or after November 2016, dividend equivalent payments are made in cash in respect of PSUs that are earned based on the achievement of applicable performance metrics, but that have not vested based on time, when and if dividends are declared and paid on the Company's common stock. The objective of providing such dividend equivalent payments is to help focus our executives on, and to reward them for, managing the business so as to produce cash that is capable of being distributed to shareholders in the form of a dividend. Dividend equivalents also mirror the income generation associated with stock ownership.

***Stock options***

Stock options are granted with an exercise price equal to 100% of the closing price of Cabot's common stock on the date of grant. They generally vest, subject to continued employment, over a three-year period (30% on each of the first and second anniversaries of the date of grant and 40% on the third anniversary of the date of grant) and have a ten-year term.

***TSUs***

TSUs generally vest, subject to continued employment, in their entirety at the end of three years. When the TSUs vest, they are settled in shares of Cabot common stock. During the vesting period, dividend equivalents are paid in cash on each restricted stock unit when and if dividends are declared and paid on the Company's common stock.

***Practices Regarding the Grant of Equity Awards***

Annual equity grants are made at the Compensation Committee's regularly scheduled meeting in November to align the timing of grants with our fiscal year, most importantly for PSUs, which are earned based on a fiscal year performance period. The November meeting usually occurs approximately one week following our release of earnings for our fourth fiscal quarter. The exercise price of stock options is the closing price of Cabot stock on the NYSE on the date the options are granted. From time to time, equity awards outside of the annual grant program are made for recruiting or retention purposes or in connection with promotions or to recognize specific achievements or performance. We do not have a program, plan, or practice to time off-cycle awards in coordination with the release of material non-public information.

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**Table of Contents****2019 PROXY STATEMENT****Executive Compensation** (continued)***PSUs Earned under PSU Award that Vested in 2018***

The chart below shows the composite 2016 PSU achievement under the PSU awards granted in November 2015 that vested in November 2018. The performance periods of these awards were our 2016, 2017, and 2018 fiscal years. As described above, the Committee established the performance metrics and goals for each of these performance periods based on the Company's long range plan and expectations for the Company's earnings growth and performance over that three-year period. We believe setting metrics in this way reinforces the long-term nature of these awards and incentivizes our leaders to achieve incrementally more challenging goals for each year in the award. The adjusted EPS and adjusted RONA targets set in November 2015 for each of the performance periods of the fiscal 2016 awards were higher than our actual adjusted EPS and adjusted RONA performance in fiscal 2015. In addition, in setting the performance goals for the 2016 PSU awards, we simplified the award structure by establishing fixed bands for the threshold and maximum goals. The overall threshold performance goal for adjusted EPS was set such that no PSUs would be earned on that basis if our adjusted EPS was less than that for fiscal 2015. Overall, the composite PSU achievement under these awards was 140% of the target awards.

**Results for PSUs granted in Fiscal 2016 that Vested 2018**

| Performance<br>Year | Adjusted EPS            |                        |            | Adjusted RONA           |                         |            | Overall |
|---------------------|-------------------------|------------------------|------------|-------------------------|-------------------------|------------|---------|
|                     | Target<br>(100% Payout) | Adjusted<br>EPS Actual | % Achieved | Target<br>(100% Payout) | Adjusted<br>RONA Actual | % Achieved |         |
| 2016 (Y1)           | \$ 3.00                 | \$ 3.14*               | 117.5%     | 9.5%                    | 11.4%                   | 152.7%     | 124.5%  |
| 2017 (Y2)           | \$ 3.15                 | \$ 3.43*               | 125.5%     | 10.25%                  | 12.9%                   | 163.3%     | 133.1%  |
| 2018 (Y3)           | \$ 3.30                 | \$ 4.03                | 153.0%     | 10.75%                  | 14.3%                   | 200.0%     | 162.4%  |
| Composite           |                         |                        |            |                         |                         |            | 140.0%  |

\* Adjusted EPS results for fiscal 2016 and 2017 in this table do not reflect the change we adopted in fiscal 2018 in our inventory valuation method of accounting for our U.S. carbon black inventories from the LIFO method to the FIFO method.



Table of Contents**2019 PROXY STATEMENT****Executive Compensation** (continued)***PSUs Earned under Outstanding PSU Awards on the Basis of Fiscal 2018 Performance***

The following tables show the performance metrics and goals and the relative weighting of each metric that the Committee set for the fiscal 2018 performance period of PSUs granted in fiscal 2016, 2017, and 2018, our degree of attainment of these goals and the percentage of the awards earned, measured against the target award. As the performance metrics and goals for the fiscal 2018 performance period of these awards were established at different times, they each reflect the long-term goals in place when the awards were granted.

**Performance Goals (set in November 2015) and Results for****Performance Year 3 of the PSUs that Vested in November 2018**

|                     | <b>Threshold<br/>Level<br/>(50%<br/>payout)</b> | <b>Target<br/>Level<br/>(100%<br/>payout)</b> | <b>Stretch<br/>Level<br/>(150%<br/>payout)</b> | <b>Maximum<br/>Level<br/>(200%<br/>payout)</b> | <b>Fiscal<br/>2018<br/>Results</b> | <b>Percent<br/>Earned</b> |
|---------------------|-------------------------------------------------|-----------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------|---------------------------|
| Adjusted EPS (80%)  | \$2.70                                          | \$3.30                                        | \$4.00                                         | \$4.50                                         | \$4.03                             | 153.0%                    |
| Adjusted RONA (20%) | 8.00%                                           | 10.75%                                        | 13.50%                                         | 14.00%                                         | 14.30%                             | 200.0%                    |

|           |        |
|-----------|--------|
| Composite | 162.4% |
|-----------|--------|

**Performance Goals (set in November 2016) and Results for  
Performance Year 2 of the PSUs that Vest in November 2019**

|                     | <b>Threshold<br/>Level<br/>(50%<br/>payout)</b> | <b>Target<br/>Level<br/>(100%<br/>payout)</b> | <b>Stretch<br/>Level<br/>(150%<br/>payout)</b> | <b>Maximum<br/>Level<br/>(200%<br/>payout)</b> | <b>Fiscal<br/>2018<br/>Results</b> | <b>Percent<br/>Earned</b> |
|---------------------|-------------------------------------------------|-----------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------|---------------------------|
| Adjusted EPS (80%)  | \$2.70                                          | \$3.46                                        | \$3.70                                         | \$4.50                                         | \$4.03                             | 170.6%                    |
| Adjusted RONA (20%) | 9.00%                                           | 12.20%                                        | 12.90%                                         | 15.00%                                         | 14.30%                             | 183.3%                    |
| Composite           |                                                 |                                               |                                                |                                                |                                    | 173.1%                    |

**Performance Goals (set in November 2017) and Results for  
Performance Year 1 of the PSUs that Vest in November 2020**

|                    | <b>Threshold<br/>Level<br/>(50%<br/>payout)</b> | <b>Target<br/>Level<br/>(100%<br/>payout)</b> | <b>Stretch<br/>Level<br/>(150%<br/>payout)</b> | <b>Maximum<br/>Level<br/>(200%<br/>payout)</b> | <b>Fiscal<br/>2018<br/>Results</b> | <b>Percent<br/>Earned</b> |
|--------------------|-------------------------------------------------|-----------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------|---------------------------|
| Adjusted EPS (80%) | \$2.70                                          | \$3.60                                        | \$3.77                                         | \$4.50                                         | \$4.03                             | 167.8%                    |
|                    |                                                 |                                               |                                                |                                                |                                    |                           |

|                     |       |        |        |        |        |        |
|---------------------|-------|--------|--------|--------|--------|--------|
| Adjusted RONA (20%) | 9.00% | 12.40% | 12.90% | 15.00% | 14.30% | 183.3% |
| Composite           |       |        |        |        |        | 170.9% |

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**2019 PROXY STATEMENT**

**Executive Compensation** (continued)

**Fiscal 2018 Compensation Decisions**

The compensation decisions the Committee made with respect to our named executive officers for fiscal 2018 are described below.

In considering each executive's individual performance in fiscal 2018 and determining his or her STI award payout for fiscal 2018 and making the other compensation decisions discussed above, the Committee specifically considered the following:

**Sean D. Keohane, President and CEO.**

**Fiscal 2018 Performance Summary**

The Committee believes that Mr. Keohane performed extremely well in 2018. The Committee also specifically recognized Mr. Keohane's role in:

the Company's delivery on its financial goals in fiscal 2018, notably growing volumes above the market rate of 4%; realizing 14% adjusted EPS growth, generating strong cash flows and returning to our shareholders \$100 million in excess of our target to return 50% of discretionary free cash flow to shareholders;

the long-term strategic investments made to extend the Company's leadership positions and to drive sustained growth of earnings and cash flow, including the investments in additional manufacturing capacity for rubber blacks, specialty carbons, and black masterbatch and conductive formulations;

the successful promotions and hires made to further develop and strengthen the senior management team;

our progress made in integrating sustainability throughout Cabot and in developing a more inclusive and diverse organization;

the strengthening of our investor outreach and efforts to build strong understanding and support for the Company's strategy in the investor community;

our efforts to build strong and sustainable customer and partner relationships; and

our recognition as one of the 100 Best Corporate Citizens by *Corporate Responsibility Magazine*, and for the third consecutive year, achieving a Gold rating from EcoVadis for our performance in sustainability.

**Compensation Decisions for Fiscal 2018**

**Base Salary** Mr. Keohane's annual base salary for calendar 2018 was \$950,000, an increase of 6% compared to his 2017 annual base salary.

**STI Award** Mr. Keohane's target STI award for fiscal 2018 was \$950,000 (100% of his annual base salary) and his actual STI award payout for fiscal 2018 was \$1,567,500, 165% of target, based on achievement of 180% of target in respect of corporate performance and 130% of target in respect of individual performance.

**LTI Award** Mr. Keohane was granted an LTI award with a grant date value of \$4,000,000, consisting of 22,493 PSUs, 19,280 TSUs and 91,923 stock options, with the number and grant date value of PSUs assuming target level of achievement of applicable performance metrics.

**Erica McLaughlin, SVP and CFO (since May 15, 2018), previously VP, Business Operations, Reinforcement Materials Segment and GM, Tire business.**

### **Fiscal 2018 Performance Summary**

Among Ms. McLaughlin's key achievements that the Committee considered both in her prior role and her role as SVP and CFO were the following:

in her position as VP of Business Operations for the Reinforcement Materials Segment and GM of the Company's tire business, her contributions to the favorable outcome of key tire customer negotiations for calendar 2018 and her role in developing carbon black capacity expansion plans;  
the smooth transition of leadership as she assumed responsibility for the finance function in her role as CFO;  
her role in driving Company performance;  
her role in the execution of our capital allocation strategy, which included developing plans for a 10 million share increase in our share repurchase authorization, implementing an incremental share repurchase strategy and returning to our shareholders \$100 million in excess of our target to return 50% of discretionary free cash flow to shareholders;

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**2019 PROXY STATEMENT**

**Executive Compensation (continued)**

her role leading our investor communications program; and  
her leadership as inaugural Chair of our Diversity and Inclusion Council.

**Compensation Decisions for Fiscal 2018**

**Base Salary** Ms. McLaughlin received an annual base salary increase of 3% during the annual salary review in November 2017, resulting in an annual salary for calendar 2018 of \$281,138. Her annual base salary was later increased by 42% to \$400,000 effective May 15, 2018, in connection with her promotion to SVP and CFO.

**STI Award** Ms. McLaughlin's target STI award for fiscal 2018 was \$165,733 (based on her blended annual base salary and target opportunities in 2018) and her actual STI award payout for fiscal 2018 was \$273,839, 165% of target, based on achievement of 180% of target in respect of corporate performance and 140% of target in respect of individual performance.

**LTI Award** Ms. McLaughlin was granted LTI awards with grant date values totaling \$583,000, including an LTI award with a \$375,000 grant date value granted in connection with her promotion to SVP and CFO, consisting of 3,173 PSUs in the aggregate, 3,381 TSUs in the aggregate and 12,061 stock options in the aggregate, with the number and grant date value of PSUs assuming target level of achievement of applicable performance metrics.

**Nicholas S. Cross, former EVP and President, Performance Chemicals Segment, and President, EMEA Region (until September 30, 2018).**

**Fiscal 2018 Performance Summary**

Among Mr. Cross's key achievements that the Committee considered were the following:

his role in continuing to advance our projects with The Dow Chemical Company and Inner Mongolia Hengyecheng Silicone Co., Ltd ( HYC ), which will allow us to meet growing demand for our high-performance fumed silica, both of which are proceeding on schedule for production to begin in 2020 and 2019, respectively;  
his role in the progress of our application development activities, particularly in energy materials, which had revenue growth of 70% in fiscal 2018 and successful program qualifications with the major global battery manufacturers; and  
his role in our acquisition and integration of Tech Blend.

In determining Mr. Cross's STI award, the Committee also considered Performance Chemicals segment results, which reported flat EBIT in fiscal 2018.

### **Compensation Decisions for Fiscal 2018**

**Base Salary** Mr. Cross's annual base salary for calendar 2018 was \$473,059, an increase of 4% compared to his 2017 annual base salary.

**STI Award** Mr. Cross's target STI award for fiscal 2018 was \$307,489 (65% of his annual base salary). His actual STI award payout for fiscal 2018 was \$465,845, 151% of target, based on achievement of 180% of target in respect of corporate performance and 85% of target in respect of individual performance.

**LTI Award** Mr. Cross was granted an LTI award with a grant date value of \$850,000, consisting of 4,779 PSUs, 4,097 TSUs and 19,533 stock options, with the number and grant date value of PSUs assuming target level of achievement of applicable performance metrics.

Effective September 30, 2018, Mr. Cross stepped down from his position as EVP and President, Performance Chemicals Segment, and President, EMEA Region of the Company.

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**2019 PROXY STATEMENT**

**Executive Compensation (continued)**

**Brian A. Berube, SVP and General Counsel.**

**Fiscal 2018 Performance Summary**

Among Mr. Berube's key achievements that the Committee considered were the following:

his continued service as a trusted advisor to the Board and, in particular, his assistance to the Board on governance matters;  
his strong legal guidance and support to our M&A and other strategic activities;  
his role in overseeing the negotiation of key commercial agreements and providing risk management counsel;  
his effective oversight of litigation and environmental matters toward positive outcomes for the Company;  
his role in strengthening our legal function, with a strong focus on talent development and cost management; and  
his strong leadership within the Company's Office of Compliance and to the Company on ethics and compliance matters, and his role in managing our regulatory compliance programs.

**Compensation Decisions for Fiscal 2018**

**Base Salary** Mr. Berube's annual base salary for calendar 2018 was \$448,000, an increase of 3% compared to his 2017 annual base salary.

**STI Award** Mr. Berube's target STI award for fiscal 2018 was \$268,800 (60% of his annual base salary). His actual STI award payout for fiscal 2018 was \$427,392, 159% of target, based on achievement of 180% of target in respect of corporate performance and 110% of target in respect of individual performance.

**LTI Award** Mr. Berube was granted an LTI award with a grant date value of \$750,000, consisting of 4,217 PSUs, 3,615 TSUs and 17,235 stock options, with the number and grant date value of PSUs assuming target level of achievement of applicable performance metrics.

**Hobart C. Kalkstein, SVP and President, Reinforcement Materials Segment, and President, Americas Region.**

**Fiscal 2018 Performance Summary**

Among Mr. Kalkstein's key achievements that the Committee considered were the following:

his role in the strong business results of our Reinforcement Materials Segment, which delivered a 45% increase in EBIT in 2018, driven by effective management of volumes and pricing and targeted product mix improvements; his leadership in strengthening strategic customer relationships within the Reinforcement Materials segment and the successful negotiation of supply agreements with certain of our major tire customers; the increased strategic focus within the Reinforcement Materials Segment on industrial products; his role in the development of our expansion project at our facility in Cilegon, Indonesia; his role in implementing efficient debottleneck projects to support capacity growth for our carbon black businesses; his role in improving the reliability and operating efficiency of our energy centers, which reduce our costs and contribute to our sustainability goals; and the additional responsibilities Mr. Kalkstein assumed during fiscal 2018 as President of our Americas Region.

#### **Compensation Decisions for Fiscal 2018**

**Base Salary** Mr. Kalkstein's annual base salary for calendar 2018 was \$422,000, an increase of 6% compared to his 2017 annual base salary.

**STI Award** Mr. Kalkstein's target STI award for fiscal 2018 was \$253,200 (60% of his annual base salary). His actual STI award payout for fiscal 2018 was \$440,568, 174% of target, based on achievement of 180% of target in respect of corporate performance and 160% of target in respect of individual performance.

**LTI Award** Mr. Kalkstein was granted an LTI award with a grant date value of \$750,000, consisting of 4,217 PSUs, 3,615 TSUs and 17,235 stock options, with the number and grant date value of PSUs assuming target level of achievement of applicable performance metrics.

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**2019 PROXY STATEMENT**

**Executive Compensation** (continued)

**Eduardo E. Cordeiro, former EVP and CFO, and President, Americas Region (until May 15, 2018).**

**Fiscal 2018 Performance Summary**

Among Mr. Cordeiro's key achievements that the Committee considered were the following:

- his role in the Company's strong financial performance in fiscal 2018;
- his role in managing the Company's operating cash flow, which enabled the Company to increase its dividend by 5%;
- his role leading our investor relations activities, including successful outreach efforts that resulted in an increase in analyst coverage of the Company;
- his strong guidance and support to our M&A and other strategic activities;
- his commitment to disciplined financial policies and the maintenance of a strong balance sheet to support our overall strategy; and
- his role in overseeing the North and South American organization development and other regional matters.

**Compensation Decisions for Fiscal 2018**

**Base Salary** Mr. Cordeiro's annual base salary for calendar 2018 was \$578,000, an increase of 2% compared to his 2017 annual base salary.

**STI Award** Mr. Cordeiro's target STI award for fiscal 2018 was \$404,600 (70% of his annual base salary) and his actual STI award payout for fiscal 2018 was \$631,176, 156% of target, based on achievement of 180% of target in respect of corporate performance and 100% of target in respect of individual performance.

**LTI Award** Mr. Cordeiro was granted an LTI award with a grant date value of \$1,000,000, consisting of 5,623 PSUs, 4,820 TSUs and 22,980 stock options, with the number and grant date value of PSUs assuming target level of achievement of applicable performance metrics. Of this award, 6,894 stock options vested in November 2018 in accordance with the terms of the award and Mr. Cordeiro forfeited the balance of the award upon the termination of his employment on December 31, 2018.

Effective May 15, 2018, Mr. Cordeiro stepped down from his position as EVP and CFO of the Company.

Mr. Cordeiro's employment with the Company terminated effective December 31, 2018. Under the terms of his

transition and separation agreement with Cabot, upon his termination of employment, Mr. Cordeiro received a cash separation payment in the amount of \$722,500. In addition to this payment, the Company extended the exercise period for Mr. Cordeiro's vested stock options to the earlier of (i) December 31, 2020 and (ii) the original expiration date of the stock options. The Company also agreed to pay a portion of Mr. Cordeiro's COBRA premiums for up to 18 months following the termination of his employment, continue to support the financial planning benefit Mr. Cordeiro receives as if he were an active employee for a period of twenty-four months following employment termination, and provide Mr. Cordeiro with outplacement services in an amount not to exceed \$40,000. In exchange for the payments and benefits provided in the transition and separation agreement, the Company received a release of claims from Mr. Cordeiro, and Mr. Cordeiro agreed to covenants as to non-competition and non-solicitation for a period of eighteen months following the termination of his employment with Cabot. When considering the level of separation payments and benefits to be provided to Mr. Cordeiro, the Committee considered the length and level of his service with the Company, his significant contributions to the Company and the Company's achievements under his leadership, as well as the advice provided by Meridian.

### **Risk Assessment**

We monitor the risks associated with our executive compensation programs and policies on an on-going basis. In May 2018, management presented the Committee with the results of a study it conducted of our compensation programs to assess the potential risks arising from these programs. We believe the following policies and practices reflect sound risk management practices within our compensation programs and mitigate excessive risk-taking that could harm our value or reward poor judgment by our executives and other employees:

Use of short- and long-term performance periods in our LTI program and multiple levels of tiered performance (threshold, target, stretch and maximum) in both our STI and LTI programs;



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**2019 PROXY STATEMENT**

**Executive Compensation** (continued)

Use of maximum payout caps in both the STI and LTI programs;  
Use of different financial performance metrics across the STI and LTI programs;  
Ability of the Committee to use discretion to modify STI awards;  
Annual Committee review and approval of the STI and LTI program design, performance metrics and goals and earned payouts;  
Mix of equity awards and multi-year vesting used in the LTI program;  
Availability of a Company recoupment policy; and  
Use of share ownership guidelines.

Based on these mitigating factors, the Committee agreed with the study's findings that our compensation programs do not encourage inappropriate or unacceptable risk to the Company, and that any risks are within our ability to effectively monitor and manage and are not reasonably likely to have a material adverse effect on the Company.

**Share Ownership Guidelines**

To further align the interests of our executives and our shareholders, in November 2008 we adopted share ownership guidelines for members of our Management Executive Committee. Under our guidelines, we expect our CEO to own equity in the Company in an amount equal to five times his or her annual base salary, and each other officer who reports directly to the CEO to own equity in an amount equal to three times his or her annual base salary. Each executive has five years from the date he or she becomes subject to the share ownership guidelines to meet his or her target. The Committee reviews compliance with these guidelines annually. At the time of this filing, all of the members of the Management Executive Committee who have been subject to these guidelines for five years or longer had satisfied such share ownership guidelines.

**Recoupment of Compensation**

The Company adopted a recoupment (clawback) policy in 2012. The policy applies to performance-based compensation, such as STI and LTI compensation, paid to participants in our LTI program (which includes our named executive officers), and covers awards made for fiscal 2013 and thereafter. Under the policy, if the Company is required to restate its financial statements due to material non-compliance with financial reporting requirements under applicable securities laws, and the amount of performance-based compensation awarded or paid would have been lower had the achievement of applicable financial performance been calculated based on the restated financial results, the amount of the excess compensation awarded or paid during the three-year period preceding the date on which the Company is required to prepare the restatement is subject to recoupment, in the discretion of the Compensation

Committee. In addition, if a participant knowingly engaged in misconduct that is a material factor in the Company's obligation to restate its financial statements, the Company will have the right to seek recoupment of the proceeds from the sale of shares issued upon the exercise of stock options or upon the vesting of restricted stock units (including TSUs and PSUs) occurring during the twelve-month period following the filing with the SEC of the financial statements required to be restated, in an amount deemed appropriate by the Compensation Committee under the circumstances.

## **Other Information**

### ***Retirement and Other Benefit Programs***

Except for Mr. Cross, our named executive officers participate in the full range of benefit programs and are covered by the same retirement plans on the same terms as are generally provided to our full-time U.S. salaried employees, are eligible to participate in and/or receive benefits under our Deferred Compensation Plan and our Death Benefit Protection Plan, and participate in our Senior Management Severance Protection Plan. These plans are described in the footnotes and text that accompany the compensation tables that follow this CD&A.

Mr. Cross was a participant in our Senior Management Severance Protection Plan until September 30, 2018, but as a Swiss-based employee, does not participate in the other retirement and benefit programs described above. Instead, Mr. Cross participates in the same pension plan and other benefit programs that are provided to full-time Cabot employees in Switzerland and, prior to his return to Switzerland in January 2017, participated in the insurance and other

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**2019 PROXY STATEMENT**

**Executive Compensation** (continued)

benefit programs provided to other employees under our international assignment program. These benefits, and their costs to Cabot, are described in the footnotes and text that accompany the compensation tables that follow this CD&A.

***Health and Welfare Plans***

The health and welfare plans offered to our named executive officers are the same as those offered to all other employees working in the same country. While on international assignment, Mr. Cross was also covered by the health and welfare plans and life and disability benefits offered to our employees on an international assignment.

***Perquisites***

We provide our named executive officers a modest level of perquisites, consisting principally of financial planning and tax assistance services and an executive physical examination. We provide these benefits to help our executives maintain their health and manage their finances, in each case, so that they are able to focus their attention on Cabot's business. Mr. Cross received certain benefits as a result of his international assignment consistent with Cabot's International Assignment Policy, as described in the footnotes and text that accompany the compensation tables that follow this CD&A.

***Employment Arrangements***

Our named executive officers, other than Mr. Cross, serve without employment agreements. The compensation of our named executive officers is set by the Compensation Committee as described above.

Mr. Cross entered into a standard form of employment agreement with Cabot Switzerland when his employment with the Company was transferred to that entity. That agreement was amended in May 2015 to cover the compensation and relocation benefits related to Mr. Cross' international assignment from August 1, 2015 through December 31, 2016. Mr. Cross relocated back to Switzerland effective January 1, 2017 and his employment agreement was amended to cover his compensation, relocation, and tax equalization and other benefits following such relocation. The compensation and relocation benefits he received under these arrangements are described in the compensation tables and narrative discussion that follow this CD&A.

***Hedging Policy***

The Company has a policy that prohibits executives and directors from engaging in any transaction in which they may profit from short-term speculative swings in the value of the Company's securities. This includes short sales (selling borrowed securities that the seller hopes can be purchased at a lower price in the future) or short sales against the box (selling owned, but not delivered securities), and put and call options. In addition, this policy is designed to ensure compliance with all insider trading rules.

### ***Tax and Accounting Information***

We consider the tax and accounting rules associated with various forms of compensation when designing our compensation programs. However, to maintain flexibility to compensate our executive officers in a manner designed to promote short- and long-term corporate goals and objectives, the Compensation Committee has not adopted a policy that all compensation must be deductible or have the most favorable accounting treatment to the Company.

Table of Contents**2019 PROXY STATEMENT****Executive Compensation** (continued)**Summary Compensation Table**

The following table and footnotes describe the compensation for our named executive officers for the three most recently completed fiscal years. Each component of our executive compensation program is described under the heading Compensation Discussion and Analysis, which begins on page 26.

| Name and<br>Principal<br>Position    | Year | Salary<br>(\$) <sup>(4)</sup> | Stock<br>Awards<br>(\$) <sup>(5)</sup> | Option<br>Awards<br>(\$) <sup>(6)</sup> | Non-Equity<br>Incentive<br>Plan<br>Compensation<br>(\$) | Change<br>in<br>Pension | Value and<br>Non-Equity<br>Nonqualified<br>Incentive<br>Deferred<br>Compensation<br>Earning<br>Compensation<br>(\$) <sup>(7)</sup> | All Other<br>Compensation<br>(\$) <sup>(8)</sup> | Total<br>(\$) |
|--------------------------------------|------|-------------------------------|----------------------------------------|-----------------------------------------|---------------------------------------------------------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|---------------|
|                                      |      |                               |                                        |                                         |                                                         |                         |                                                                                                                                    |                                                  |               |
| Sean D. Keohane<br>President and CEO | 2018 | 937,500                       | 2,599,951                              | 1,399,898                               | 1,567,500                                               |                         |                                                                                                                                    | 270,593                                          | 6,775,442     |
|                                      | 2017 | 887,500                       | 2,079,911                              | 1,119,647                               | 1,252,000                                               |                         |                                                                                                                                    | 232,734                                          | 5,571,792     |
|                                      | 2016 | 681,161                       | 1,133,052                              | 630,096                                 | 710,000                                                 | 20,143                  |                                                                                                                                    | 159,278                                          | 3,333,730     |
| Erica<br>McLaughlin <sup>(1)</sup>   | 2018 | 323,779                       | 403,659                                | 179,277                                 | 273,839                                                 |                         |                                                                                                                                    | 57,770                                           | 1,238,324     |

| Senior Vice President and CFO                     |      |         |           |         |         |        |         |           |
|---------------------------------------------------|------|---------|-----------|---------|---------|--------|---------|-----------|
| <b>Nicholas S. Cross<sup>(2)</sup></b>            | 2018 | 468,511 | 552,442   | 297,470 | 465,845 | 14,100 | 237,991 | 2,036,359 |
| Former Executive Vice President                   | 2017 | 445,383 | 552,436   | 297,395 | 379,869 | 5,600  | 294,114 | 1,974,797 |
| and President, Performance Chemicals Segment,     | 2016 | 437,711 | 501,540   | 280,148 | 277,895 | 95,800 | 498,768 | 2,091,862 |
| and President, EMEA Region                        |      |         |           |         |         |        |         |           |
| <b>Brian A. Berube</b>                            | 2018 | 444,750 | 487,464   | 262,474 | 427,392 | 7,650  | 103,059 | 1,732,789 |
| Senior Vice President and                         | 2017 | 427,500 | 487,444   | 262,410 | 367,000 | 11,639 | 95,101  | 1,651,094 |
| General Counsel                                   | 2016 | 405,000 | 895,477   | 245,132 | 253,000 | 33,358 | 82,340  | 1,914,307 |
| <b>Hobart C. Kalkstein</b>                        | 2018 | 416,000 | 487,464   | 262,474 | 440,568 | 2,675  | 102,224 | 1,711,405 |
| Senior Vice President and                         | 2017 | 392,250 | 438,699   | 236,170 | 350,000 | 3,604  | 85,875  | 1,506,598 |
| President, Reinforcement                          | 2016 | 346,091 | 297,602   | 115,513 | 226,000 | 13,389 | 58,709  | 1,057,304 |
| Materials Segment, and President, Americas Region |      |         |           |         |         |        |         |           |
| <b>Eduardo E. Cordeiro<sup>(3)</sup></b>          | 2018 | 575,125 | 649,973   | 520,404 | 631,176 | 16,365 | 139,268 | 2,532,311 |
| Former Executive Vice                             | 2017 | 562,375 | 649,976   | 349,889 | 540,000 | 18,988 | 127,815 | 2,249,043 |
| President and CFO, and                            | 2016 | 550,000 | 1,376,912 | 350,182 | 424,000 | 43,613 | 116,970 | 2,861,677 |

President,  
Americas Region

1. For Ms. McLaughlin, information is only provided for fiscal 2018 because she was not a named executive officer in fiscal 2017 or 2016.
2. Mr. Cross stepped down from his position as EVP and President, Performance Chemicals Segment, and President, EMEA Region, effective September 30, 2018, and his responsibilities were transitioned to other senior leaders within Cabot. Mr. Cross is based in Switzerland and was on an international assignment from Switzerland to the U.S. from August 1, 2015 through December 31, 2016. His base salary and STI award for fiscal 2016, 2017 and 2018 was paid in Swiss Francs. For purposes of the disclosure in this proxy statement, all amounts that were paid and recorded in Swiss Francs have been translated to U.S. Dollars (i) with respect to his fiscal 2018 compensation, using the average monthly exchange rate during the 12-month period ended September 30, 2018 of U.S. \$1.0270145 per Swiss Franc, (ii) with respect to his fiscal 2017 compensation, using the average monthly exchange rate during the 12-month period ended September 30, 2017 of U.S. \$1.0129833 per Swiss Franc, and (iii) with respect to his fiscal 2016 compensation, using the average daily exchange rate during the 12-month period ended September 30, 2016 of U.S. \$1.017932 per Swiss Franc.
3. Mr. Cordeiro stepped down from his position as Executive Vice President and CFO, and President, Americas Region effective May 15, 2018 and his employment terminated effective December 31, 2018.
4. We review base salaries annually in November and any changes are generally effective on January 1 of the following calendar year. The amounts reported in this column reflect salary earned during each fiscal year. Ms. McLaughlin was promoted to Senior Vice President and CFO effective May 15, 2018, and her base salary was increased effective as of this date to reflect her promotion and the additional responsibilities she assumed as described further in the Compensation Discussion and Analysis section above.
5. The amounts reported in this column reflect the aggregate grant date fair value of TSUs and PSUs granted in the applicable fiscal year, computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. The grant date fair value per unit is equal to the closing price of Cabot common stock on the date of grant. We pay dividend equivalents on all TSU awards, and on PSUs (to the extent earned) granted in or after fiscal 2017, if, and when, we pay dividends on our common stock, which is factored into the grant date fair value for these awards. The grant date fair value of the PSUs was calculated based on the probable outcome of applicable performance conditions, which assume that the target level of performance is achieved, and for awards made for fiscal 2018, these amounts are as follows: Mr. Keohane: \$1,399,964; Ms. McLaughlin: \$195,193;

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Table of Contents**2019 PROXY STATEMENT****Executive Compensation** (continued)

Mr. Cross: \$297,445; Mr. Berube: \$262,466; Mr. Kalkstein: \$262,466; and Mr. Cordeiro: \$349,976. If the maximum level of performance were to be achieved under the PSUs made for fiscal 2018, the grant date fair value of these awards would be as follows: Mr. Keohane: \$2,799,928; Ms. McLaughlin: \$390,386; Mr. Cross: \$594,890; Mr. Berube: \$524,932; Mr. Kalkstein: \$524,932; and Mr. Cordeiro: \$699,952. For Ms. McLaughlin the amount reported in this column for fiscal 2018 also includes the grant date fair value of the supplemental award of TSUs and PSUs she received in connection with her promotion as described in further detail in the Compensation Discussion and Analysis section above. For Messrs. Berube and Cordeiro, the amounts reported in this column for fiscal 2016 also include the grant date fair value of the supplemental award of TSUs they received in recognition of the increased job responsibilities they assumed while serving as members of an interim office of the Chief Executive Officer and during the transition of CEO responsibilities to Mr. Keohane.

6. a. The amounts reported in this column reflect the grant date fair value of stock option awards granted in the applicable fiscal year, computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures, determined using the Black-Scholes option-pricing model. The assumptions used to calculate the grant date fair value of option awards under the Black-Scholes model are set forth in Note N to our Consolidated Financial Statements filed with our Annual Report on Form 10-K for fiscal 2018. The amount reported for Ms. McLaughlin in fiscal 2018 includes the grant date fair value of the supplemental stock option award she received in connection with her promotion, as described further in the Compensation Discussion and Analysis section above.
- b. As further described in the Compensation Discussion and Analysis section above, in connection with the termination of Mr. Cordeiro's employment with the Company, the Compensation Committee extended the exercise period of Mr. Cordeiro's vested stock options to the earlier of (i) December 31, 2020 and (ii) the original expiration date of the stock options. The amount reported in this column for Mr. Cordeiro in fiscal 2018 consists of (i) \$349,962, the grant date fair value of the stock options awarded to Mr. Cordeiro for fiscal 2018, and (ii) \$170,442, the incremental fair value associated with extending the exercise period of his vested stock options, computed in accordance with FASB ASC Topic 718.
7. The amounts reported in this column consist of:
  - a. The aggregate change in the actuarial present value of each named executive officer's (other than Mr. Cross) accumulated pension benefits under the Cash Balance Plan and the Supplemental Cash Balance Plan measured from October 1 to September 30 as follows: for Mr. Keohane: \$20,143 in 2016, \$(10,173) in 2017, and \$(16,938) in 2018; for Ms. McLaughlin: \$(9,846) in 2018; for Mr. Berube: \$23,834 in 2016, \$(9,996) in 2017, and \$(15,929) in 2018; for Mr. Kalkstein: \$11,195 in 2016, \$(4,804) in 2017 and \$(8,655) in 2018; and for Mr. Cordeiro: \$31,817 in 2016, \$(16,819) in 2017, and \$(27,588) in 2018. These figures are presented in accordance with SEC rules, which require the use of the same assumptions as required by FASB ASC Topic



715. When such amounts are negative, they are not reflected in the sum reported in the column. These pension plans are frozen and, therefore, the change in the Present Value of Accrued Benefits (PVAB) is due to (i) one less year to accumulate benefits to normal retirement, resulting in a shorter discounting period and an increase to the PVAB; and (ii) changes in the discount rate assumptions for these plans, the net effect of which decreased the PVAB. Details on the pension plans and the actuarial assumptions can be found below under the heading Pension Benefits .

- b. The aggregate change in the actuarial present value of Mr. Cross's accumulated pension benefits attributable to employer contributions under the Swiss Pension Plan measured from October 1 to September 30 as follows: \$95,800 in 2016, \$5,600 in 2017 and \$14,100 in 2018. These figures are presented in accordance with SEC rules, which require the use of the same assumptions as required by FASB ASC Topic 715. In fiscal 2016, approximately 51% of the increase in PVAB was due to the Company contribution made during the year and the remaining increase was due primarily to the change in discount rate from 1.0% to 0.25%. In fiscal 2017, the increase in one year of accrual was mostly offset by the increase in the discount rate assumption from 0.25% to 0.77%. In fiscal 2018, the increase in one year of accrual was mostly offset by the increase in the discount rate assumption from 0.77% to 1.03%. Details on the pension plan and the actuarial assumptions can be found below under the heading Pension Benefits .
- c. Above-market interest (the portion exceeding 120% of the applicable federal long-term rate) credited to deferrals under Cabot's deferred compensation plan as follows: Mr. Berube: \$9,524 in fiscal 2016, \$11,639 in fiscal 2017, and \$7,650 in fiscal 2018; Mr. Kalkstein \$2,194 in fiscal 2016, \$3,604 in fiscal 2017, and \$2,675 in fiscal 2018; and Mr. Cordeiro: \$11,796 in fiscal 2016, \$18,988 in fiscal 2017, and \$16,365 in fiscal 2018.

Table of Contents**2019 PROXY STATEMENT****Executive Compensation** (continued)

8. The table below identifies the amounts shown for fiscal 2018 in the **All Other Compensation** column. All of the amounts reflect the actual cost to Cabot of providing the payment or benefit described below.

|                     | Company                                           |         |                                                     |         |                                       |         |                                      |            |
|---------------------|---------------------------------------------------|---------|-----------------------------------------------------|---------|---------------------------------------|---------|--------------------------------------|------------|
|                     | Company Contributions to Supplemental 401(k) Plan |         | Company Contributions to Deferred Compensation Plan |         | Financial Planning and Tax Assistance |         | Company Car/Representation Allowance |            |
|                     | (\$)(a)                                           | (\$)(a) | (\$)(a)                                             | (\$)(b) | (\$)(c)                               | (\$)(d) | (\$)(e)                              | Total (\$) |
| Sean D. Keohane     | 27,500                                            | 223,000 |                                                     | 14,595  |                                       |         | 5,498                                | 270,593    |
| Erica McLaughlin    | 29,362                                            | 27,664  |                                                     |         |                                       |         | 744                                  | 57,770     |
| Nicholas S. Cross   |                                                   |         |                                                     | 857     | 20,629                                | 216,505 |                                      | 237,991    |
| Brian A. Berube     | 27,500                                            | 51,166  | 8,548                                               | 14,660  |                                       |         | 1,185                                | 103,059    |
| Hobart C. Kalkstein | 27,500                                            | 52,557  | 5,600                                               | 15,459  |                                       |         | 1,108                                | 102,224    |

|                     |        |        |        |        |       |         |
|---------------------|--------|--------|--------|--------|-------|---------|
| Eduardo E. Cordeiro | 27,500 | 30,013 | 63,118 | 14,705 | 3,932 | 139,268 |
|---------------------|--------|--------|--------|--------|-------|---------|

- a. The 401(k) Plan, Supplemental 401(k) Plan, and Deferred Compensation Plan are described under the heading *Deferred Compensation* beginning on page 53.
- b. Consists of amounts paid or reimbursed by Cabot for financial planning and tax assistance services during fiscal 2018. Tax equalization benefits received by and related tax services provided to Mr. Cross during fiscal 2018 under our international assignment policy are listed under the *Tax Equalization* column.
- c. Consists of the cost to Cabot of providing a leased car, \$7,436, fuel, \$869, and a representation allowance, \$12,324, to Mr. Cross while he was resident in Switzerland in accordance with the terms of his employment agreement. The representation allowance is a tax-free amount paid to managers in Switzerland to cover business-related expenses that are not reimbursed by Cabot.
- d. Mr. Cross will receive approximately \$198,750 in tax equalization benefits with respect to fiscal 2018, to prevent him from paying more individual income tax as a result of his required travel to the U.S. than he would have paid if no such travel occurred. Mr. Cross also received related tax preparation services in the amount of \$17,755. Certain of these amounts were paid in Swiss Francs and have been converted to U.S. dollars as described above.
- e. Consists of the amount paid by Cabot for an annual physical exam for Messrs. Keohane, \$3,000, and Cordeiro, \$2,400; and for each named executive officer (other than Mr. Cross), the cost to Cabot of insurance premiums under our Death Benefit Protection Plan, which provides a death benefit equal to three times a named executive officer's annual base salary at the time of his or her death, up to a maximum benefit of \$3,000,000. These premiums are paid directly to the life insurance carriers.

The table does not include any amounts related to the use of tickets for sporting and cultural events by the named executive officers because no incremental costs were incurred by Cabot in providing these benefits. Cabot purchases season tickets to sporting and cultural events for business outings with customers and vendors. If the tickets are not being used for business purposes, the named executive officers and other employees may have opportunities to use these tickets.

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Table of Contents**2019 PROXY STATEMENT****Executive Compensation** (continued)**Grant of Plan-Based Awards Table**

The following table reports plan-based awards granted to the named executive officers during fiscal 2018. The material terms of our STI and LTI awards are described in Compensation Discussion and Analysis Our Performance-based Compensation Philosophy beginning on page 33.

| Name                   | Grant Date | Estimated Future Payouts                    |                                                   |                                                   | Estimated Future Payouts                          |                                                   |                                                   | All Other Stock Awards:                                      |                                            | All Other Option Awards:                                             |                                                                      | Grant Date Fair Value of Stock and Option Awards |
|------------------------|------------|---------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------|--------------------------------------------------------------|--------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------|
|                        |            | Under Non-Equity Plan Awards <sup>(1)</sup> | Under Equity Incentive Plan Awards <sup>(2)</sup> | Under Equity Incentive Plan Awards <sup>(2)</sup> | Under Equity Incentive Plan Awards <sup>(2)</sup> | Under Equity Incentive Plan Awards <sup>(2)</sup> | Under Equity Incentive Plan Awards <sup>(2)</sup> | Number of Shares of Stock or Underlying Units <sup>(3)</sup> | Number of Securities or Underlying Options | Exercise Price or Base Price of Option Awards (\$/Sh) <sup>(4)</sup> | Exercise Price or Base Price of Option Awards (\$/Sh) <sup>(4)</sup> |                                                  |
|                        |            | Threshold (\$)                              | Target (\$)                                       | Maximum (\$)                                      | Threshold (#)                                     | Target (#)                                        | Maximum (#)                                       |                                                              |                                            |                                                                      |                                                                      |                                                  |
| <b>Sean D. Keohane</b> |            |                                             |                                                   |                                                   |                                                   |                                                   |                                                   |                                                              |                                            |                                                                      |                                                                      |                                                  |
| TSU                    | 11/10/17   |                                             |                                                   |                                                   |                                                   |                                                   |                                                   | 19,280                                                       |                                            |                                                                      |                                                                      | 1,199,987                                        |
| PSU                    | 11/10/17   |                                             |                                                   |                                                   | 11,247                                            | 22,493                                            | 44,986                                            |                                                              |                                            |                                                                      |                                                                      | 1,399,964                                        |
| Options                | 11/10/17   |                                             |                                                   |                                                   |                                                   |                                                   |                                                   |                                                              | 91,923                                     | 62.24                                                                |                                                                      | 1,399,898                                        |
| Short-Term Incentive   |            | 332,500                                     | 950,000                                           | 1,900,000                                         |                                                   |                                                   |                                                   |                                                              |                                            |                                                                      |                                                                      |                                                  |

| Compensation<br>( STI )    |          |         |         |         |        |       |        |       |         |
|----------------------------|----------|---------|---------|---------|--------|-------|--------|-------|---------|
| <b>Erica McLaughlin</b>    |          |         |         |         |        |       |        |       |         |
| TSU                        | 11/10/17 |         |         |         |        | 1,542 |        |       | 95,974  |
| PSU                        | 11/10/17 |         | 514     | 1,028   | 2,056  |       |        |       | 63,983  |
| Options                    | 11/10/17 |         |         |         |        |       | 3,151  | 62.24 | 47,988  |
| TSU                        | 05/15/18 |         |         |         |        | 1,839 |        |       | 112,492 |
| PSU                        | 05/15/18 |         | 1,073   | 2,145   | 4,290  |       |        |       | 131,210 |
| Options                    | 05/15/18 |         |         |         |        |       | 8,910  | 61.17 | 131,289 |
| STI                        |          | 52,267  | 165,733 | 331,466 |        |       |        |       |         |
| <b>Nicholas S. Cross</b>   |          |         |         |         |        |       |        |       |         |
| TSU                        | 11/10/17 |         |         |         |        | 4,097 |        |       | 254,997 |
| PSU                        | 11/10/17 |         | 2,390   | 4,779   | 9,558  |       |        |       | 297,445 |
| Options                    | 11/10/17 |         |         |         |        |       | 19,533 | 62.24 | 297,470 |
| STI                        |          | 107,621 | 307,489 | 614,977 |        |       |        |       |         |
| <b>Brian A. Berube</b>     |          |         |         |         |        |       |        |       |         |
| TSU                        | 11/10/17 |         |         |         |        | 3,615 |        |       | 224,998 |
| PSU                        | 11/10/17 |         | 2,109   | 4,217   | 8,434  |       |        |       | 262,466 |
| Options                    | 11/10/17 |         |         |         |        |       | 17,235 | 62.24 | 262,474 |
| STI                        |          | 94,080  | 268,800 | 537,600 |        |       |        |       |         |
| <b>Hobart C. Kalkstein</b> |          |         |         |         |        |       |        |       |         |
| TSU                        | 11/10/17 |         |         |         |        | 3,615 |        |       | 224,998 |
| PSU                        | 11/10/17 |         | 2,109   | 4,217   | 8,434  |       |        |       | 262,466 |
| Options                    | 11/10/17 |         |         |         |        |       | 17,235 | 62.24 | 262,474 |
| STI                        |          | 88,620  | 253,200 | 506,400 |        |       |        |       |         |
| <b>Eduardo E. Cordeiro</b> |          |         |         |         |        |       |        |       |         |
| TSU                        | 11/10/17 |         |         |         |        | 4,820 |        |       | 299,997 |
| PSU                        | 11/10/17 |         | 2,812   | 5,623   | 11,246 |       |        |       | 349,976 |
| Options                    | 11/10/17 |         |         |         |        |       | 22,980 | 62.24 | 520,404 |
| STI                        |          | 141,610 | 404,600 | 809,200 |        |       |        |       |         |

1. The amounts in these columns represent award opportunities under our STI program and assume that adjusted EBIT and NWC days, the financial metrics for corporate performance for fiscal 2018 as described in the Compensation Discussion and Analysis section of this proxy statement, are achieved at the threshold, target and maximum levels, as applicable. The threshold, target and maximum award amounts for Ms. McLaughlin are based on a blend of her pre- and post-promotion annual base salary amounts and target incentive opportunities. The amounts included in the Threshold column reflect 50% of the target bonus opportunity payable for corporate performance, which is weighted 70% in the executive STI program, and for Ms. McLaughlin, is weighted 63% based on the blend of her pre- and post-promotion roles, and do not reflect any payout for individual performance because there is no formal threshold payout level for individual performance. The amounts included in the Target column reflect 100% of the total target bonus opportunity payable for both corporate and individual performance. The amounts included in the Maximum column reflect 200% of the total target bonus opportunity payable for both corporate and individual performance. Actual STI payments made for fiscal 2018 are included in the Summary Compensation Table on page 45 in the column Non-Equity Incentive Plan Compensation.

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Table of Contents**2019 PROXY STATEMENT****Executive Compensation** (continued)

2. The amounts in these columns represent PSU awards. The November 10, 2017 PSU awards vest three years after the date of grant, generally subject to the named executive officer's continued employment through the vesting date, and the number of shares issuable, if any, when the award vests will depend on the degree of achievement of corporate performance metrics for each year within the three-year performance period. The supplemental award made to Ms. McLaughlin on May 15, 2018 has the same terms as the PSU awards granted on November 10, 2017. For fiscal 2018 awards, the two financial metrics used to measure corporate performance were adjusted EPS and adjusted RONA. The amount included in the Target column reflects the total number of shares that would be issued when the award vests if the Company achieves target financial performance against the adjusted EPS and adjusted RONA goals each year. The amount in the Threshold column reflects 50% of the target award and the total number of shares that would be issued when the award vests if the Company achieves threshold financial performance each year, and the amount in the Maximum column reflects 200% of the target award, and the total number of shares that would be issued when the award vests if the Company achieves maximum financial performance each year.
3. The amounts in this column represent TSU awards. The November 10, 2017 TSU awards vest three years after the date of grant, generally subject to the named executive officer's continued employment through the vesting date. The supplemental award made to Ms. McLaughlin on May 15, 2018 has the same terms as the TSU awards granted on November 10, 2017.
4. All stock options were granted with an exercise price equal to the closing price of our common stock on the date of grant and generally vest, subject to continued employment, over a three-year period (30% on each of the first and second anniversaries of the date of grant and 40% on the third anniversary of the date of grant). The stock options awarded to Ms. McLaughlin on May 15, 2018 vest as follows, generally subject to her continued employment through the applicable vesting date: 30% on November 10, 2018, 30% on November 10, 2019 and 40% on November 10, 2020.
5.
  - a. Reflects the grant date fair value of TSUs, PSUs and option awards, calculated in accordance with FASB ASC Topic 718. In connection with the termination of Mr. Cordeiro's employment with the Company, the Compensation Committee extended the exercise period of Mr. Cordeiro's vested stock options to the earlier of (i) December 31, 2020 and (ii) the original expiration date of the stock options. The amount for Mr. Cordeiro in fiscal 2018 consists of (i) \$349,962, the grant date fair value of the stock options awarded to Mr. Cordeiro for fiscal 2018, and (ii) \$170,442, the incremental fair value associated with extending the exercise period of his vested stock options, computed in accordance with FASB ASC Topic 718.
  - b. The grant date fair value per unit for TSUs and PSUs is equal to the closing price of Cabot common stock on the date of grant (\$62.24 for the November 10, 2017 grants and \$61.17 for the May 15, 2018 grants). We pay dividend equivalents on all TSU awards, and on PSUs (to the extent earned) granted in or after fiscal 2017, if, and when, we pay dividends on our common stock, which is factored into the grant date fair value for these awards. The grant date

fair value for PSUs was calculated based on the probable outcome of applicable performance conditions, which assume that the target level of performance is achieved. The grant date fair value of these awards assuming the maximum level of performance is achieved is set forth in footnote 5 to the Summary Compensation Table. Option awards are valued using the Black-Scholes option pricing model. The assumptions used to calculate the grant date fair value of these awards are set forth in Note N to our Consolidated Financial Statements filed with our Annual Report on Form 10-K for fiscal 2018.

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**2019 PROXY STATEMENT**

**Executive Compensation** (continued)

**Outstanding Equity Awards at Fiscal Year-End Table**

The following table shows information regarding outstanding equity awards held by our named executive officers as of September 30, 2018.

| Name        | Option Awards |                    | Option   | Option     | Number    | Stock Awards        |           | Equity    |
|-------------|---------------|--------------------|----------|------------|-----------|---------------------|-----------|-----------|
|             | Number        | Number             |          |            |           | Market              | Equity    |           |
|             | of            | of                 | Exercise | Expiration | of Shares | Value of            | Incentive | Incentive |
| Securities  | Securities    | Securities         | Price    | Date       | or        | Shares or           | Plan      | Plan      |
| Underlying  | Underlying    | Underlying         | (\$)     |            | Units     | Units of            | Awards:   | Awards:   |
| Unexercised | Unexercised   | Unexercised        |          |            | of        | Stock That          | Number    | Market or |
| Options     | Options       | Options            |          |            | That      | Have Not            | of        | Payout    |
| (#)         | (#)           | (#) <sup>(1)</sup> |          |            | Have Not  | Vested              | Unearned  | Value of  |
| Exercisable | Exercisable   | Exercisable        |          |            | Vested    | (\$) <sup>(5)</sup> | Shares,   | Unearned  |
|             |               |                    |          |            | (#)       |                     | Units     | Shares,   |
|             |               |                    |          |            |           |                     | or        | Units or  |
|             |               |                    |          |            |           |                     | Other     | Other     |
|             |               |                    |          |            |           |                     | Rights    | Rights    |
|             |               |                    |          |            |           |                     | That      | That Have |

|                            |        |                       |       |            |                       | Have<br>Not<br>Vested<br>(#) | Not Vested<br>(\$( <sup>5</sup> ) |
|----------------------------|--------|-----------------------|-------|------------|-----------------------|------------------------------|-----------------------------------|
| <b>Sean D. Keohane</b>     |        |                       |       |            |                       |                              |                                   |
|                            | 14,297 |                       | 47.62 | 11/7/2023  | 6,069                 | 380,648                      |                                   |
|                            | 17,857 |                       | 46.03 | 11/13/2024 | 6,090                 | 381,965                      |                                   |
|                            | 15,370 | 10,247                | 39.54 | 11/11/2025 | 19,024                | 1,193,185                    |                                   |
|                            | 15,872 | 10,583                | 49.26 | 3/20/2026  | 19,280                | 1,209,242                    |                                   |
|                            | 26,394 | 61,587                | 50.46 | 11/10/2026 | 9,913 <sup>(2)</sup>  | 621,743                      |                                   |
|                            |        | 91,923                | 62.24 | 11/9/2027  | 9,947 <sup>(2)</sup>  | 623,876                      |                                   |
|                            |        |                       |       |            | 24,125 <sup>(3)</sup> | 1,513,120                    | 14,798 <sup>(6)</sup>             |
|                            |        |                       |       |            | 12,812 <sup>(4)</sup> | 803,569                      | 29,992 <sup>(7)</sup>             |
| <b>Erica McLaughlin</b>    |        |                       |       |            |                       |                              |                                   |
|                            | 2,295  |                       | 46.03 | 11/13/2024 | 1,517                 | 95,146                       |                                   |
|                            | 1,975  | 1,318                 | 39.54 | 11/11/2025 | 1,783                 | 111,830                      |                                   |
|                            | 1,060  | 2,474                 | 50.46 | 11/10/2026 | 1,542                 | 96,714                       |                                   |
|                            |        | 3,151                 | 62.24 | 11/9/2027  | 1,839                 | 115,342                      |                                   |
|                            |        | 8,910                 | 61.17 | 5/14/2028  | 2,124 <sup>(2)</sup>  | 133,217                      |                                   |
|                            |        |                       |       |            | 1,291 <sup>(3)</sup>  | 80,972                       | 794 <sup>(6)</sup>                |
|                            |        |                       |       |            | 584 <sup>(4)</sup>    | 36,628                       | 1,372 <sup>(7)</sup>              |
|                            |        |                       |       |            | 1,222 <sup>(4)</sup>  | 76,644                       | 2,860 <sup>(7)</sup>              |
| <b>Nicholas S. Cross</b>   |        |                       |       |            |                       |                              |                                   |
|                            | 13,344 |                       | 47.62 | 11/7/2023  | 6,069                 | 380,648                      |                                   |
|                            | 7,857  |                       | 46.03 | 11/13/2024 | 5,053                 | 316,924                      |                                   |
|                            |        | 10,247                | 39.54 | 11/11/2025 | 4,097                 | 256,964                      |                                   |
|                            | 7,010  | 16,359                | 50.46 | 11/10/2026 | 9,913 <sup>(2)</sup>  | 621,743                      |                                   |
|                            |        | 19,533                | 62.24 | 11/9/2027  | 6,407 <sup>(3)</sup>  | 401,847                      | 3,930 <sup>(6)</sup>              |
|                            |        |                       |       |            | 2,722 <sup>(4)</sup>  | 170,724                      | 6,372 <sup>(7)</sup>              |
| <b>Brian A. Berube</b>     |        |                       |       |            |                       |                              |                                   |
|                            | 13,344 |                       | 47.62 | 11/7/2023  | 5,311                 | 333,106                      |                                   |
|                            | 15,625 |                       | 46.03 | 11/13/2024 | 10,000                | 627,200                      |                                   |
|                            |        | 8,967                 | 39.54 | 11/11/2025 | 4,458                 | 279,606                      |                                   |
|                            | 6,186  | 14,434                | 50.46 | 11/10/2026 | 3,615                 | 226,733                      |                                   |
|                            |        | 17,235                | 62.24 | 11/9/2027  | 8,675 <sup>(2)</sup>  | 544,096                      |                                   |
|                            |        |                       |       |            | 5,655 <sup>(3)</sup>  | 354,682                      | 3,468 <sup>(6)</sup>              |
|                            |        |                       |       |            | 2,401 <sup>(4)</sup>  | 150,591                      | 5,624 <sup>(7)</sup>              |
| <b>Hobart C. Kalkstein</b> |        |                       |       |            |                       |                              |                                   |
|                            | 4,017  |                       | 46.03 | 11/13/2024 | 2,655                 | 166,522                      |                                   |
|                            | 3,457  | 2,306                 | 39.54 | 11/11/2025 | 952                   | 59,709                       |                                   |
|                            | 2,550  | 1,701                 | 47.23 | 4/6/2026   | 4,013                 | 251,695                      |                                   |
|                            | 5,567  | 12,991                | 50.46 | 11/10/2026 | 3,615                 | 226,733                      |                                   |
|                            |        | 17,235                | 62.24 | 11/9/2027  | 3,717 <sup>(2)</sup>  | 233,130                      |                                   |
|                            |        |                       |       |            | 1,556 <sup>(2)</sup>  | 97,592                       |                                   |
|                            |        |                       |       |            | 5,087 <sup>(3)</sup>  | 319,057                      | 3,122 <sup>(6)</sup>              |
|                            |        |                       |       |            | 2,401 <sup>(4)</sup>  | 150,591                      | 5,624 <sup>(7)</sup>              |
| <b>Eduardo E. Cordeiro</b> |        |                       |       |            |                       |                              |                                   |
|                            |        | 12,809                | 39.54 | 11/11/2025 | 7,587                 | 475,857                      |                                   |
|                            | 8,248  | 19,246 <sup>(8)</sup> | 50.46 | 11/10/2026 | 5,945 <sup>(9)</sup>  | 372,870                      |                                   |

|                       |       |           |                         |         |                         |         |
|-----------------------|-------|-----------|-------------------------|---------|-------------------------|---------|
| 22,980 <sup>(8)</sup> | 62.24 | 11/9/2027 | 4,820 <sup>(9)</sup>    | 302,310 |                         |         |
|                       |       |           | 12,391 <sup>(2)</sup>   | 777,164 |                         |         |
|                       |       |           | 7,539 <sup>(3)(9)</sup> | 472,846 | 4,624 <sup>(6)(9)</sup> | 290,017 |
|                       |       |           | 3,203 <sup>(4)(9)</sup> | 200,892 | 7,498 <sup>(7)(9)</sup> | 470,275 |

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**2019 PROXY STATEMENT**

**Executive Compensation (continued)**

1. Under our LTI Program, options generally vest over a three-year period as follows, generally subject to the named executive officer's continued employment through the vesting date: 30% on each of the first and second anniversaries of the date of grant and 40% on the third anniversary of the date of grant. The stock options awarded to Ms. McLaughlin on May 15, 2018 in connection with her promotion vest as follows, generally subject to her continued employment through the applicable vesting date: 30% on November 10, 2018, 30% on November 10, 2019 and 40% on November 10, 2020. The options awarded to Mr. Keohane on March 21, 2016 and Mr. Kalkstein on April 7, 2016 in connection with their promotions vested as follows: 30% on November 12, 2016, 30% on November 12, 2017 and 40% on November 12, 2018. All options have a date of grant that is ten years prior to the Option Expiration Date listed in the table.
2. Reflects the portion of the fiscal 2016 PSUs earned based on the degree of achievement of the annual financial performance metrics (adjusted EPS and adjusted RONA) for each of the three years within the three-year performance period of the award. These units vested on November 12, 2018, the third anniversary of the date of grant, and were settled on November 19, 2018, the date the Compensation Committee determined the achievement of the adjusted EPS and adjusted RONA goals used to determine the number of PSUs earned during fiscal year 2018.
3. Reflects the portion of the fiscal 2017 PSUs earned based on the degree of achievement of the annual financial performance metrics (adjusted EPS and adjusted RONA) for the first two years within the three-year performance period of the award. These units will vest on November 11, 2019, generally subject to the named executive officer's continued employment through the vesting date.
4. Reflects the portion of the fiscal 2018 PSUs earned based on the degree of achievement of the annual financial performance metrics (adjusted EPS and adjusted RONA) for the first year within the three-year performance period of the award. These units will vest on November 10, 2020, generally subject to the named executive officer's continued employment through the vesting date.
5. The value of unvested restricted stock units was calculated by multiplying the closing price of our common stock on September 28, 2018 (\$62.72) by the number of unvested restricted stock units.
6. Reflects the portion of the fiscal 2017 PSUs that may be earned based on the degree of achievement of the annual financial performance metrics (adjusted EPS and adjusted RONA) for the third year within the three-year performance period of the award. These units, to the extent earned, will vest on November 11, 2019, generally subject to the named executive officer's continued employment through the vesting date. The number of shares shown for each named executive officer's PSU award assumes the Company will achieve the maximum adjusted EPS metric and maximum adjusted RONA metric with respect to such award, based on fiscal 2018 performance.
7. Reflects the portion of the fiscal 2018 PSUs that may be earned based on the degree of achievement of the annual financial performance metrics (adjusted EPS and adjusted RONA) for the second and third year within the

three-year performance period of the award. These units, to the extent earned, will vest on November 10, 2020, generally subject to the named executive officer's continued employment through the vesting date. The number of shares shown for each named executive officer's PSU award assumes the Company will achieve the maximum adjusted EPS and maximum adjusted RONA metrics with respect to such award, based on fiscal 2018 performance.

8. Mr. Cordeiro forfeited 10,998 of the 19,246 stock options, and 16,086 of the 22,980 stock options upon the termination of his employment.

9. Mr. Cordeiro forfeited these units upon the termination of his employment.

#### Option Exercises and Stock Vested Table

The following table shows the options exercised by our named executive officers and the restricted stock units that vested for each named executive officer during fiscal 2018. The value of options realized on exercise is the difference between the closing price of our common stock on the exercise date and the exercise price, multiplied by the number of shares acquired on exercise. The value of stock realized on the vesting of TSUs is the product of the number of shares vested and the closing price of our common stock on the vesting date. The value of stock realized on the vesting of PSUs is the product of the number of shares vested and the closing price of our common stock on the settlement date.

| Name              | Option Awards |             | Stock Awards |             |
|-------------------|---------------|-------------|--------------|-------------|
|                   | Number of     |             | Number of    |             |
|                   | Shares        | Value       | Shares       | Value       |
|                   | Acquired      | Realized on | Acquired     | Realized on |
|                   | On Exercise   | Exercise    | On Vesting   | Vesting     |
|                   | (#)           | (\$)        | (#)          | (\$)        |
| Sean D. Keohane   | 59,537        | 1,713,151   | 8,307        | 501,497     |
| Erica McLaughlin  |               |             | 1,966        | 118,664     |
| Nicholas S. Cross | 25,370        | 527,977     | 8,307        | 501,497     |
| Brian A. Berube   | 13,448        | 348,112     | 7,269        | 438,832     |

|                            |        |           |        |           |
|----------------------------|--------|-----------|--------|-----------|
| <b>Hobart C. Kalkstein</b> |        |           | 3,441  | 207,692   |
| <b>Eduardo E. Cordeiro</b> | 50,990 | 1,002,387 | 26,810 | 1,645,789 |

**Pension Benefits**

Cabot's salaried employees in the U.S. who were employees prior to January 1, 2014 (including each of our named executive officers other than Mr. Cross) participate in Cabot's Cash Balance Plan and, in certain cases, our Supplemental Cash

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**2019 PROXY STATEMENT**

**Executive Compensation** (continued)

Balance Plan. The Cash Balance Plan and the Supplemental Cash Balance Plan were each frozen on December 31, 2013, and no further benefits will accrue under those plans.

Cabot's salaried employees in Switzerland (including Mr. Cross) participate in the AXA Foundation for Occupational Benefits AXA-Winterthur (the Swiss Pension Plan).

The benefits provided under these plans are described below.

***Cash Balance Plan***

The Cash Balance Plan is a funded, tax-qualified defined benefit plan. Prior to January 1, 2014, participants in the Cash Balance Plan accrued benefits from defined notional contributions ( pay-based credits ) in an amount equal to 3% of eligible compensation during their first five years of service, 3.5% during their next five years of service and 4% for years after ten years of service. Additional credits of 2% of earnings were provided on eligible compensation in excess of the Social Security wage base. Eligible compensation included base salary and short-term incentive bonus payments. Participants also received a guaranteed rate of return ( interest-based credits ) on their account balances.

While the plan is frozen, interest-based credits are earned on account balances during a calendar year at the one-year U.S. Treasury bill rate determined as of November of the previous year until the participant begins receiving benefit payments. For calendar year 2018, the interest rate was 1.56%. At retirement at any age or other termination of employment, a participant eligible for benefits may receive his or her vested account balance in a lump sum payment or in a monthly pension having an equivalent actuarial value.

Participants are 100% vested in their accounts after three years of employment with Cabot. As of September 30, 2018, all of our U.S.-based named executive officers were fully vested in their account balances under the Cash Balance Plan.

***Supplemental Cash Balance Plan***

The Supplemental Cash Balance Plan is an unfunded, non-qualified defined benefit plan created to provide benefits in circumstances where maximum limits established under the Internal Revenue Code prevent participants from receiving some of the benefits that would otherwise be provided under the Cash Balance Plan. The Internal Revenue Code limits the amount of compensation that can be taken into account annually to determine benefits under the

tax-qualified Cash Balance Plan. The Supplemental Cash Balance Plan was intended to provide eligible employees the same benefits they would have earned under the Cash Balance Plan if this compensation limit did not apply.

The material terms and conditions of the Supplemental Cash Balance Plan are the same as those of the Cash Balance Plan except that benefits otherwise payable from the Supplemental Cash Balance Plan will be forfeited if a participant's employment is terminated for cause.

### ***Swiss Pension Plan***

The Swiss Pension Plan is a cash balance pension plan that provides benefits upon retirement and upon death or disability. Employees and the Company both make contributions to the plan according to an age-related contribution scale. Since the time Mr. Cross became an employee of Cabot's subsidiary in Switzerland, he has been required to make an annual contribution of a percentage of his base salary depending on his age during the year (equal to 7.6% since 2016) to fund retirement benefits plus an amount equal to 0.7% of his base salary to fund approximately 50% of the cost of his death and disability benefits and administrative expenses. In addition, the Company has made an annual contribution to Mr. Cross's account in an amount equal to a percentage of his base salary based on his age (11.4% since 2016) to fund his retirement benefits plus an amount equal to 0.7% of his base salary to fund the balance of the costs for his death and disability benefits and administrative expenses. Employees, including Mr. Cross, may elect to contribute additional amounts in excess of their minimum required contribution without affecting Company contributions. Interest is credited to the retirement account balances annually at rates determined by the Board of Trustees of AXA Foundation for Occupational Benefits AXA-Winterthur, the administrator of the Swiss Pension Plan. The interest rate for calendar year 2018 on Company contributions was 1.0%, and on any employee contributions in excess of their required minimum contribution 0.25%. The amount of the annual retirement pension is based on the accrued retirement account balance on the retirement date and is calculated using the applicable pension conversion rate. At retirement, the employee may choose to draw part or all of the retirement benefit in a lump sum with any balance paid in an annual pension. The



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death and disability benefits, which are funded by insurance purchased with the employee and Company contributions described above, are paid as a monthly pension as described under the heading Potential Payments Upon Termination or Change in Control .

***Pension Benefits Table***

The following table shows the actuarial present value of each named executive officer's accumulated benefits under the pension plan(s) in which he or she participated as of September 30, 2018, the last day of our most recent fiscal year, and the pension plan measurement date used for financial statement reporting purposes for our fiscal 2018 financial statements. None of the named executive officers received a payment under these plans during fiscal 2018.

| Name             | Plan Name                      | Number of Years<br>of Credited Service<br>(#) <sup>(1)</sup> | Present Value of<br>Accumulated Bene<br>(\$) <sup>(2), (3)</sup> |
|------------------|--------------------------------|--------------------------------------------------------------|------------------------------------------------------------------|
| Sean D. Keohane  | Cash Balance Plan              | 11                                                           | 111,579                                                          |
|                  | Supplemental Cash Balance Plan | 11                                                           | 115,094                                                          |
| Erica McLaughlin | Cash Balance Plan              | 11                                                           | 79,362                                                           |
|                  | Supplemental Cash Balance Plan | 11                                                           | 4,726                                                            |

|                     |                                |    |         |
|---------------------|--------------------------------|----|---------|
| Nicholas S. Cross   | Swiss Pension Plan             | 9  | 527,400 |
| Brian A. Berube     | Cash Balance Plan              | 19 | 206,782 |
|                     | Supplemental Cash Balance Plan | 19 | 188,896 |
| Hobart C. Kalkstein | Cash Balance Plan              | 9  | 82,699  |
|                     | Supplemental Cash Balance Plan | 9  | 21,207  |
| Eduardo E. Cordeiro | Cash Balance Plan              | 15 | 152,624 |
|                     | Supplemental Cash Balance Plan | 15 | 211,654 |

1. Credited service for the Cash Balance Plan and Supplemental Cash Balance Plan represents years of service with Cabot as of December 31, 2013, the date the plans were frozen, rounded to the nearest whole year. Credited service for the Swiss Pension Plan represents years of service with Cabot Switzerland as of September 30, 2018, rounded to the nearest whole year.
2. For Mr. Cross, the present value of the accumulated benefit excludes his contributions to the plan. The present value of the accumulated benefit attributable to Mr. Cross's contributions to the plan amounts to \$930,989.
3. The following assumptions were used in the calculations:

|                  | Cash Balance Plan | Supplemental Cash Balance Plan | Swiss Pension Plan |
|------------------|-------------------|--------------------------------|--------------------|
| Measurement Date | 9/30/2018         | 9/30/2018                      | 9/30/2018          |

|                                               |          |          |                             |
|-----------------------------------------------|----------|----------|-----------------------------|
| Discount Rate (for present value calculation) | 4.21%    | 4.06%    | 1.03%                       |
| Form of benefit                               | Lump sum | Lump sum | 80% pension<br>20% lump sum |
| Retirement Date                               | Age 65   | Age 65   | Age 65                      |

### Deferred Compensation

The following narrative describes benefits provided under Cabot's Deferred Compensation Plan, 401(k) Plan and Supplemental 401(k) Plan.

#### *Deferred Compensation Plan*

Our Deferred Compensation Plan is a nonqualified plan that permits certain employees in the U.S. to voluntarily defer in any year up to 50% of their base salary and up to 100% of any short-term incentive and sales incentive bonus awarded. Under this plan, participants receive a credit equal to 10% of the amount they defer, which is intended to account for the fact that any compensation that is deferred is not eligible compensation for purposes of Company contributions under the 401(k) Plan or the Supplemental 401(k) Plan. All of our named executive officers are eligible to participate in the

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**2019 PROXY STATEMENT**

**Executive Compensation** (continued)

Deferred Compensation Plan, except for Mr. Cross, who is not a U.S.-based employee. Messrs. Berube, Kalkstein, and Cordeiro made contributions to the plan for fiscal year 2018.

All deferred amounts are credited with interest at a rate equal to the Moody's Corporate Bond Rate for the month of November prior to the beginning of the applicable calendar year. Amounts that are deferred in a particular year are credited to a participant's account as if they were invested in the account on the first day of the applicable calendar year and notional interest is applied as if the participant had earned the deferred amount on the first day of the calendar year. Earnings are compounded daily. The Moody's rate used to calculate interest payable for calendar year 2018 was 3.88%. Participants in the Deferred Compensation Plan can elect to defer receipt of their eligible compensation until a specified date (an in-service election) or until they cease to be employees of Cabot (a termination/retirement election). Participants may elect to receive deferred amounts in a lump sum payment, in installments over a period of up to five years in the case of an in-service election or, if the participant's account balance is at least \$50,000, in installments over a period of up to ten years for a termination/retirement election.

***401(k) Plan and Supplemental 401(k) Plan***

Under the 401(k) Plan, a tax-qualified defined contribution plan in which Cabot's U.S.-based named executive officers and other employees in the U.S. participate, Cabot makes a retirement contribution equal to 4% of a participant's eligible compensation (consisting of base salary and cash bonuses) and a matching contribution of 100% of a participant's contribution, up to 6% of the participant's eligible compensation. These Company contributions are allocated to the participant's account in accordance with his or her investment elections.

The Supplemental 401(k) Plan is an unfunded, non-qualified defined contribution plan under which we provide credits to executive officers and certain other employees in the U.S. that cannot be made under the 401(k) Plan due to limitations imposed by the Internal Revenue Code. Credits to the Supplemental 401(k) Plan are made at the same percentage of pay that Company contributions would have been made under the 401(k) Plan were it not for the limitations imposed by the Internal Revenue Code. Amounts credited to the Supplemental 401(k) Plan are treated as if invested in Cabot common stock. Participants may elect to receive distributions in a lump sum payment after separation from service or, if a participant's account balance is at least \$50,000, in installments over a period of three, five or ten years beginning after separation from service. All distributions are made in shares of Cabot common stock, except that for certain grandfathered accounts distributions are made in cash. None of our named executive officers have grandfathered accounts.

Under both the 401(k) Plan and Supplemental 401(k) Plan, participants are immediately vested in the matching contributions and vested in other Cabot retirement contributions after two years of employment with Cabot. All of our U.S.-based named executive officers are fully vested in their account balances under these plans.

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Table of Contents**2019 PROXY STATEMENT****Executive Compensation** (continued)***Nonqualified Deferred Compensation Table***

The following table provides information with respect to the Supplemental 401(k) Plan and the Deferred Compensation Plan for fiscal 2018.

| Name                     | Executive Contributions in Last FY | Registrant Contributions in Last FY | Aggregate Earnings in Last FY | Aggregate Withdrawals/ Distributions in Last FY | Aggregate Balance at Last FYE |
|--------------------------|------------------------------------|-------------------------------------|-------------------------------|-------------------------------------------------|-------------------------------|
|                          | (\$) <sup>(1)</sup>                | (\$) <sup>(2)</sup>                 | (\$) <sup>(3)</sup>           | (\$)                                            | (\$) <sup>(4)</sup>           |
| Sean D. Keohane          |                                    |                                     |                               |                                                 |                               |
| Supplemental 401(k) Plan |                                    | 223,000                             | 125,511                       |                                                 | 1,287,244                     |
| Erica McLaughlin         |                                    |                                     |                               |                                                 |                               |
| Supplemental 401(k) Plan |                                    | 27,664                              | 5,292                         |                                                 | 78,731                        |

**Nicholas S. Cross****Brian A. Berube**

|                            |        |        |         |           |
|----------------------------|--------|--------|---------|-----------|
| Deferred Compensation Plan | 85,478 | 8,548  | 31,079  | 841,954   |
| Supplemental 401(k) Plan   |        | 51,166 | 135,243 | 1,122,679 |

**Hobart C. Kalkstein**

|                            |        |        |        |        |         |
|----------------------------|--------|--------|--------|--------|---------|
| Deferred Compensation Plan | 56,000 | 5,600  | 10,738 | 22,734 | 285,380 |
| Supplemental 401(k) Plan   |        | 52,557 | 23,039 |        | 254,713 |

**Eduardo E. Cordeiro**

|                            |         |        |         |           |
|----------------------------|---------|--------|---------|-----------|
| Deferred Compensation Plan | 631,176 | 63,118 | 69,643  | 2,018,679 |
| Supplemental 401(k) Plan   |         | 30,013 | 147,220 | 1,171,170 |

1. The amounts contributed by Messrs. Berube and Cordeiro represent their deferral of all or a portion of the STI award they earned with respect to fiscal 2018 as reported in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table on page 45. The amount contributed by Mr. Kalkstein consists of the deferral of a portion of the STI award he earned with respect to fiscal 2018 as reported in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table and a portion of his base salary during fiscal 2018 as reported in the Salary column of the Summary Compensation Table.
2. These amounts represent credits by Cabot accrued under the Deferred Compensation Plan and the Supplemental 401(k) Plan and are reported in the Summary Compensation Table on page 45 under the heading All Other Compensation.
3. For the Deferred Compensation Plan, earnings represent the amount credited based on the Moody's interest rate for the year. For the Supplemental 401(k) Plan, earnings represent the value of dividends earned and investment gains or losses as if the account balance had been invested in Cabot common stock. The portion of the earnings that represents above-market interest (the portion exceeding 120% of the applicable federal long-term rate) under Cabot's Deferred Compensation Plan is reported in the Summary Compensation Table on page 45 under the heading Change in Pension Value and Nonqualified Deferred Compensation Earnings.
4. The aggregate balance amounts under the Deferred Compensation Plan include deferrals made for prior fiscal years. For individuals who were named executive officers in the fiscal years in which the deferrals were made, the amount of the deferred compensation was included in such individuals' compensation as reported in the Summary Compensation Table included in the proxy statement for each such fiscal year.

### **Potential Payments Upon Termination or Change in Control**

Our named executive officers are eligible to receive certain benefits upon a change in control or if their employment is terminated, including following a change in control. This section describes various change in control and termination of employment scenarios and the payments and benefits payable under those scenarios. A table quantifying the estimated payments and benefits assuming a termination of employment and/or a change in control, as applicable, occurred on September 30, 2018 follows this narrative description.

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**2019 PROXY STATEMENT**

**Executive Compensation** (continued)

***Potential Payments Following a Change in Control***

**Severance Plan**

Participants in our Senior Management Severance Protection Plan (the Severance Plan ) are determined by our Compensation Committee and as of September 30, 2018 consisted of fourteen of our senior managers, including all of our currently employed named executive officers.

Under the Severance Plan, participants are entitled to severance payments if their employment with Cabot terminates within two years following a change in control (for any reason other than cause, disability, death, or a termination initiated by the participant without good reason). Under the Severance Plan, Mr. Keohane is entitled to a lump sum payment equal to three times the sum of his base salary and bonus (each, as determined below) and continued health and welfare benefits for a period of three years (i.e., medical and dental benefits, long-term disability coverage, and life insurance) and Ms. McLaughlin and Messrs. Berube and Kalkstein are each entitled to a lump sum payment equal to two times the sum of their base salary and bonus (each, as determined below) and continued health and welfare benefits for a period of two years. In addition, under the Severance Plan, each participant is entitled to receive a pro-rated bonus with respect to the fiscal year in which the termination occurs and outplacement services in an amount up to 15% of his or her salary. Mr. Cordeiro and Mr. Cross had also been participants in this plan during the time they were executive officers of the Company.

Base salary under the Severance Plan is calculated at the greater of the rate in effect (i) immediately before the change in control or (ii) as of the participant's employment termination date. The bonus is calculated at the greater of (i) the participant's target annual incentive bonus for the fiscal year in which the change in control occurs or the fiscal year in which the participant's employment is terminated, whichever was greater or (ii) the highest annual incentive bonus amount paid or payable to the participant for any of the three fiscal years preceding the fiscal year in which the change in control occurs.

The Severance Plan also includes a better of provision. Under this provision, a participant will be entitled to receive either the full amount of payments (and pay any applicable excise tax imposed by Section 4999 of the Internal Revenue Code) or such lesser amount that is not subject to the excise tax, whichever results in the greater after-tax benefit to him or her.

The provision of benefits under any other plan or program provided by Cabot or its affiliates, or pursuant to any agreement with Cabot or its affiliates, or by law, counts toward our obligation to provide the benefits under the Severance Plan so that the benefits are not duplicative.

### **Retirement and Equity Incentive Plans**

The accrued account balances under the Cash Balance Plan, Supplemental Cash Balance Plan, 401(k) Plan and Supplemental 401(k) Plan immediately vest and become payable upon a change in control of Cabot. Messrs. Keohane, Berube and Kalkstein and Ms. McLaughlin are vested in their account balances under these plans.

Upon a change in control of Cabot, the Compensation Committee, as administrator of our 2017 Long-Term Incentive Plan and our 2009 Long-Term Incentive Plan, will have discretion to provide for the assumption or continuation of some or all outstanding awards or any portion of an award, the grant of new awards in substitution by the acquirer or survivor, or the cash-out of some or all awards. Further, the Compensation Committee retains authority to accelerate the vesting of awards. The Compensation Committee has provided, and intends to continue to provide, for double trigger vesting upon a change in control. This means that if an award remains outstanding following a change in control, such as if the acquiring company assumes the award, vesting would be accelerated only if the participant's employment was involuntarily terminated without cause or by the participant for good reason within two years following the change in control.

### ***Termination of Employment Upon Disability or Death***

For Cabot's full-time employees based in the U.S., including Messrs. Keohane, Berube and Kalkstein, and Ms. McLaughlin, termination of employment upon disability is determined under the terms of Cabot's long-term disability plan and is deemed to occur one year following the date of disability. A U.S.-based employee who becomes disabled would receive (i) benefits under our long-term disability plan, and (ii) continued participation in our medical, dental, and life insurance

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plans in accordance with the terms of those plans if the employee has completed ten years of service with Cabot. We have not included a value for these benefits in the table on pages 58-59 because the plans do not discriminate in scope, terms or operation in favor of our named executive officers compared to the benefits offered to all salaried U.S. employees. In addition, the accrued account balances under the Cash Balance Plan, Supplemental Cash Balance Plan, 401(k) Plan and Supplemental 401(k) Plan immediately vest and become payable upon termination of employment by reason of death or disability. Mr. Cross would receive disability and death benefits under the Swiss Pension Plan. 50% of these benefits are funded by employee contributions and 50% are funded by employer contributions. In the event of disability due to sickness, after 24 months the Swiss Pension Plan provides benefits to the employee equal to 50% of his pensionable salary and to the employee's eligible children equal to 5% of the disabled parent's pensionable salary. Children are eligible to receive this benefit up to age 18, or up to age 25 if still in education. The pension is paid to the employee until death. In the event of death the Swiss Pension Plan provides an annuity benefit to surviving spouses or partners equal to 30% of pensionable salary and to such employee's children on the same eligibility criteria described above equal to 5% of the pensionable salary. This benefit is payable for the lifetime of the surviving spouse or partner and, in the case of children, while they meet the eligibility criteria.

Under the terms of Cabot's 2017 Long-Term Incentive Plan and 2009 Long-Term Incentive Plan, if any participant (including a named executive officer) ceases to be an employee because of disability or death, his or her unvested stock options and unvested TSUs would immediately vest. In the case of PSUs, the total number of units that vests is the sum of the units that have been earned based upon performance as of the date of the termination of employment.

We provide Messrs. Keohane, Berube, and Kalkstein, and Ms. McLaughlin with a death benefit under our Death Benefit Protection Plan equal to three times their base salary up to a maximum benefit of \$3,000,000, which is payable to their beneficiary at the time of their death. Prior to his termination of employment, Mr. Cordeiro was also covered under this plan.

***Termination of Employment Upon Retirement***

Upon retirement, participants in the Cash Balance Plan and Supplemental Cash Balance Plan are entitled to receive benefit payments, and participants in the 401(k) Plan and the Supplemental 401(k) Plan may receive a distribution of their account balances. Participants in the U.S. retirement plans are eligible for early retirement upon attaining age 55 and completing at least 10 years of service. Participants in the Swiss Pension Plan are entitled to receive benefits under that plan upon retirement. Participants in the Swiss retirement plan are eligible for early retirement upon attaining age 60, with no minimum service requirement. As of September 30, 2018, Mr. Berube was the only named

executive officer who met the eligibility criteria for early retirement under these plans.

Under our current arrangements, a named executive officer may also be eligible to receive retiree welfare benefits. These retiree welfare benefits are not included in the table on pages 58-59 because these benefit plans do not discriminate in scope, terms or operation in favor of our named executive officers compared to the benefits offered to all U.S. salaried employees.

***Termination for Cause or Voluntarily Without Good Reason***

As described above, a named executive officer would not receive severance payments under the terms of the Severance Plan if his or her employment is terminated for cause or if he or she terminates employment without good reason. A named executive officer also would not receive benefits under the terms of our Supplemental 401(k) Plan or Supplemental Cash Balance Plan if his or her employment is terminated for cause.

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Table of Contents**2019 PROXY STATEMENT****Executive Compensation** (continued)***Potential Payments Upon Termination or Change in Control Table***

The following table and footnotes present potential payments to each named executive officer under various circumstances as if the named executive officer's employment had been terminated on September 30, 2018, the last day of fiscal 2018 and/or if a change in control had occurred on such date. For Mr. Cordeiro, the disclosure in the table below shows only the payments made to him under the terms of his transition and separation agreement.

|                        | Pension Plan            |                            |                           |                                 |                           |
|------------------------|-------------------------|----------------------------|---------------------------|---------------------------------|---------------------------|
|                        | Benefits not            |                            |                           |                                 |                           |
|                        | Accelerated reported in |                            |                           |                                 |                           |
|                        | Severance               | Unvested                   | Pension Plan              | Benefits and                    |                           |
|                        | Pay <sup>(1)</sup> (\$) | Equity <sup>(2)</sup> (\$) | Table <sup>(3)</sup> (\$) | Perquisites <sup>(4)</sup> (\$) | Total <sup>(5)</sup> (\$) |
| <b>Sean D. Keohane</b> |                         |                            |                           |                                 |                           |
| Death                  |                         | 7,906,499                  | 26,685                    | 2,850,000                       | 10,783,184                |
| Disability             |                         | 7,906,499                  | 26,685                    |                                 | 7,933,184                 |

|                                                                                                         |           |           |        |         |            |
|---------------------------------------------------------------------------------------------------------|-----------|-----------|--------|---------|------------|
| Voluntary Termination/Involuntary Termination (without cause)                                           |           |           | 26,685 |         | 26,685     |
| Involuntary Termination (for cause)                                                                     |           |           | 14,383 |         | 14,383     |
| Involuntary Termination within 2 years following a Change in Control (without cause or for good reason) | 6,606,000 | 9,311,114 | 26,685 | 217,067 | 16,160,866 |
| Change in Control                                                                                       |           |           | 26,685 |         | 26,685     |

**Erica McLaughlin**

|                                                               |  |         |        |           |           |
|---------------------------------------------------------------|--|---------|--------|-----------|-----------|
| Death                                                         |  | 822,698 | 18,767 | 1,200,000 | 2,041,465 |
| Disability                                                    |  | 822,698 | 18,767 |           | 841,465   |
| Voluntary Termination/Involuntary Termination (without cause) |  |         | 18,767 |           | 18,767    |
| Involuntary Termination (for cause)                           |  |         | 17,890 |           | 17,890    |

|                                                                                                         |           |         |        |         |           |
|---------------------------------------------------------------------------------------------------------|-----------|---------|--------|---------|-----------|
| Involuntary Termination within 2 years following a Change in Control (without cause or for good reason) | 1,131,466 | 980,314 | 18,767 | 107,053 | 2,237,600 |
|---------------------------------------------------------------------------------------------------------|-----------|---------|--------|---------|-----------|

|                   |  |  |        |  |        |
|-------------------|--|--|--------|--|--------|
| Change in Control |  |  | 18,767 |  | 18,767 |
|-------------------|--|--|--------|--|--------|

**Nicholas S. Cross**

|       |  |           |           |  |           |
|-------|--|-----------|-----------|--|-----------|
| Death |  | 2,596,313 | 1,579,754 |  | 4,176,067 |
|-------|--|-----------|-----------|--|-----------|

|            |  |           |           |  |           |
|------------|--|-----------|-----------|--|-----------|
| Disability |  | 2,596,313 | 1,221,717 |  | 3,818,030 |
|------------|--|-----------|-----------|--|-----------|

Voluntary Termination/Involuntary Termination (without cause)

Involuntary Termination (for cause)

|                                                                                                         |           |           |  |        |           |
|---------------------------------------------------------------------------------------------------------|-----------|-----------|--|--------|-----------|
| Involuntary Termination within 2 years following a Change in Control (without cause or for good reason) | 1,716,379 | 2,919,384 |  | 70,959 | 4,706,722 |
|---------------------------------------------------------------------------------------------------------|-----------|-----------|--|--------|-----------|

|                   |  |  |  |  |  |
|-------------------|--|--|--|--|--|
| Change in Control |  |  |  |  |  |
|-------------------|--|--|--|--|--|

**Brian A. Berube**

|                                                                                                         |           |           |        |           |           |
|---------------------------------------------------------------------------------------------------------|-----------|-----------|--------|-----------|-----------|
| Death                                                                                                   |           | 2,909,102 | 28,503 | 1,344,000 | 4,281,605 |
| Disability                                                                                              |           | 2,909,102 | 28,503 |           | 2,937,605 |
| Voluntary Termination/Involuntary Termination/Retirement (without cause)                                |           |           | 28,503 |           | 28,503    |
| Involuntary Termination (for cause)                                                                     |           |           | 16,191 |           | 16,191    |
| Involuntary Termination within 2 years following a Change in Control (without cause or for good reason) | 1,630,000 | 3,194,227 | 28,503 | 115,053   | 4,967,783 |
| Change in Control                                                                                       |           |           | 28,503 |           | 28,503    |



Table of Contents**2019 PROXY STATEMENT****Executive Compensation** (continued)

|                                                               |                         |                            | Pension Plan              |                                 |                           |
|---------------------------------------------------------------|-------------------------|----------------------------|---------------------------|---------------------------------|---------------------------|
|                                                               |                         |                            | Benefits                  |                                 |                           |
|                                                               |                         |                            | not                       |                                 |                           |
|                                                               |                         |                            | reported                  |                                 |                           |
|                                                               |                         | Accelerated                | in                        |                                 |                           |
|                                                               | Severance               | Unvested                   | Pension Plan              | Benefits and                    |                           |
|                                                               | Pay <sup>(1)</sup> (\$) | Equity <sup>(2)</sup> (\$) | Table <sup>(3)</sup> (\$) | Perquisites <sup>(4)</sup> (\$) | Total <sup>(5)</sup> (\$) |
| <b>Hobart C. Kalkstein</b>                                    |                         |                            |                           |                                 |                           |
| Death                                                         |                         | 1,752,373                  | 15,798                    | 1,266,000                       | 3,034,171                 |
| Disability                                                    |                         | 1,752,373                  | 15,798                    |                                 | 1,768,171                 |
| Voluntary Termination/Involuntary Termination (without cause) |                         |                            | 15,798                    |                                 | 15,798                    |

|                                                                                                         |           |           |        |         |           |
|---------------------------------------------------------------------------------------------------------|-----------|-----------|--------|---------|-----------|
| Involuntary Termination (for cause)                                                                     |           |           | 13,033 |         | 13,033    |
| Involuntary Termination within 2 years following a Change in Control (without cause or for good reason) | 1,544,000 | 2,026,648 | 15,798 | 111,000 | 3,697,446 |
| Change in Control                                                                                       |           |           | 15,798 |         | 15,798    |
| <b>Eduardo E. Cordeiro</b>                                                                              | 722,500   |           |        | 103,434 | 825,934   |

1. For Mr. Cordeiro, the severance pay is the amount payable under the terms of his transition and separation agreement, which is described in more detail in the Compensation Discussion and Analysis section on page 42. In addition, in connection with the termination of Mr. Cordeiro's employment with the Company, the Compensation Committee extended the exercise period of his vested stock options to the earlier of (i) December 31, 2020 and (ii) the original expiration date of the stock options. The incremental fair value associated with extending the exercise period of the options for accounting purposes was \$170,442.

For Mr. Keohane, severance pay is equal to three times the sum of (x) base salary and (y) the greater of (i) his highest bonus in the three fiscal years preceding fiscal 2018 or (ii) his target bonus under our STI program for the fiscal year. For each of our other named executive officers, severance pay is equal to two times the sum of (x) base salary and (y) the greater of (i) his or her highest bonus in the three fiscal years preceding fiscal 2018 or (ii) his or her target bonus under our STI program for the fiscal year. The amounts in this column do not include amounts for the pro rata bonus that would be payable with respect to fiscal 2018 because the named executive officers received a bonus for fiscal 2018 in excess of the amounts that would have been paid under the Severance Plan.

2. The amounts for accelerated unvested equity include the following: (i) in the case of death or disability, the value of unvested TSUs, unvested PSUs that have been earned based upon performance as of September 30, 2018 and unvested options; and (ii) in the case of a qualifying termination following a change in control, the value of unvested TSUs, unvested PSUs (consisting of units earned as of September 30, 2018 and unearned units assuming target performance is achieved) and unvested options. The value of unvested TSUs and PSUs that become vested as described herein for all named executive officers was calculated by multiplying the closing market price of our common stock on September 28, 2018 (\$62.72) by the number of shares of unvested TSUs and PSUs. The value of unvested options that become vested as described herein for all named executive officers was calculated by multiplying the number of shares underlying the unvested options by the difference between the closing market price of our common stock on September 28, 2018 and the option exercise price.
3. The pension plan benefit amounts in this column include:
- a.

For Ms. McLaughlin and Messrs. Keohane, Berube, and Kalkstein, the amounts that would be payable under the Cash Balance Plan in a lump sum that are in addition to the amounts previously reported in the Pension Benefits Table on page 53. None of these amounts are included in the Pension Benefits Table because the assumptions required to calculate the actuarial present value of the benefits for purposes of the Pension Benefits Table are different from the assumptions required to calculate the actual plan benefits. As of September 30, 2018, all of our U.S.-based named executive officers were fully vested in their accrued account balances under this plan.

- b. For Mr. Cross, the lifetime death and disability benefits attributable to Company contributions that would be payable under the Swiss Pension Plan if such benefits were to be paid in a lump sum.
4. Continued perquisites and benefits include only those benefits provided to a named executive officer that are not provided to all employees generally. The amount for Mr. Cordeiro consists of the following benefits provided to him under his transition and separation agreement: \$33,904, representing the difference between the COBRA premium for medical and dental coverage and the estimated amount to be paid by Mr. Cordeiro for such coverage for an 18 month period following the termination of his employment; \$29,530, representing the estimated cost of financial planning and tax assistance for a period of two years following the termination of his employment; and \$40,000 for outplacement services.

The amount reported in the event of death represents an amount equal to three times base salary up to a maximum benefit of \$3,000,000, which is payable in a lump sum to the named executive officer's designated beneficiary under our Death Benefit Protection Plan, which is an insured benefit applicable to all currently employed named executive officers other than Mr. Cross. For each of our named executive officers, the amount reported in the event of a termination following a change in control represents the cost to Cabot of continued health and welfare benefits (for a period of three years for Mr. Keohane and for a period of two years for each of our other named executive officers) and outplacement services in an amount equal to 15% of the officer's base salary.

5. Payments do not take into account the better of provision in the Severance Plan described above on page 56, which, under certain circumstances, could reduce the amount of the payment.

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**2019 PROXY STATEMENT**

**Executive Compensation** (continued)

**CEO Pay Ratio**

As required by the Item 402(u) of Regulation S-K, we are required to report on the relationship between the annual total compensation of our CEO, Mr. Keohane, and the median of the annual total compensation of our employees. For 2018, our CEO's annual total compensation was \$6,775,442 and the median of the annual total compensation of all employees of Cabot (excluding our CEO) was \$62,597. Based on this information, our pay ratio is 108 to 1. This ratio is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K.

In calculating the pay ratio, the SEC allows companies to adopt a variety of methodologies, apply certain exclusions, and make reasonable estimates and assumptions reflecting their unique employee populations. Therefore, our reported pay ratio may not be comparable to that reported by other companies due to differences in industries and geographical dispersion, as well as the different estimates, assumptions, and methodologies applied by other companies in calculating their pay ratios.

To identify the median of the annual compensation of all our employees as well as to determine the annual total compensation of our median employee we took the following steps:

We determined that, as of September 30, 2018, the last day of our most recent fiscal year, our employee population consisted of 4,652 full-time and part-time employees in the U.S. and foreign jurisdictions. We did not exclude any non-U.S. employees from our worldwide employee population under any of the permitted exclusions.

To identify the median employee, we used annual base salary or base wages as our consistently applied compensation measure. We first determined each employee's annual base salary or base wages reported in our global system of record for the twelve-month period ending on September 30, 2018. For any employees who were employed on September 30, 2018 but not for this full twelve-month period, we annualized their base salary or base wages. We converted all salaries and wages paid in a foreign currency to U.S. dollars using the currency conversion rate in effect on September 30, 2018.

After identifying our median employee, we calculated the annual total compensation of the median employee and our CEO in the following manner:

The median employee's annual total compensation represents the amount of such employee's compensation for fiscal 2018 that would have been reported in the Summary Compensation Table in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K if the employee was a named executive officer for fiscal 2018.

The annual total compensation of the CEO represents the amount reported in the Total column of our 2018 Summary Compensation Table included on page 45 of this Proxy Statement.

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**2019 PROXY STATEMENT**

**Proposal 2 Advisory Approval of Executive Compensation**

In accordance with the requirements of Section 14A of the Exchange Act and the related rules of the SEC, we are providing stockholders the opportunity to vote on a non-binding, advisory resolution to approve the compensation of our named executive officers as disclosed on pages 26-59 of this proxy statement (commonly referred to as say-on-pay ).

We believe that the compensation received by our named executive officers in respect of fiscal year 2018 appropriately aligned executive pay with our corporate performance. The portion of the STI awards earned on the basis of our corporate performance paid out at 180% of target awards, reflecting outstanding operating performance during fiscal 2018. The PSU awards issued under our LTI are designed to produce the greatest rewards when strong results are sustained over time. Specifically, the number of shares issuable upon their vesting depends on the degree of achievement of financial performance metrics for each year within a three-year performance cycle. On the basis of our high level of achievement against the adjusted EPS and adjusted RONA goals applicable to the PSU awards that were granted in fiscal 2016 and vested in 2018, our named executive officers earned 140% of their target awards. Our fiscal 2018 performance is summarized in the Executive Summary of our Compensation Discussion and Analysis.

The types of performance goals that we use for establishing the metrics for our executive compensation programs are the same as the ones we use when setting our business plan and the strategic objectives of the Company. The use of these metrics is intended to motivate behavior and executive decisions that will lead to the successful execution of our strategy. Our executive compensation programs also align the interests of our stockholders and executives by tying compensation to the Company's short- and long-term financial and strategic growth objectives. We believe this will create value for our stockholders over time.

For these reasons, the Board is asking stockholders to approve the compensation of our named executive officers.

The text of the resolution is as follows:

VOTED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and the narrative discussion, is hereby APPROVED.

**Vote Required**

Because the vote we are asking you to cast is non-binding, there is no minimum vote required for approval. Our Board and the Compensation Committee value the views of our stockholders and will consider the outcome of the vote when making future compensation decisions for our named executive officers. We believe that Cabot benefits from

constructive dialog with our stockholders. We will continue to reach out to our stockholders on these and other important issues and we encourage our stockholders to contact us. Stockholders who wish to communicate with our Board should refer to Communications with the Board in this proxy statement for additional information on how to do so.

### **Recommendation**

**The Board of Directors believes that the compensation of our named executive officers is appropriate and recommends a vote FOR the approval of the compensation of our named executive officers.**

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**2019 PROXY STATEMENT**

**Audit Committee Matters**

**Audit Committee Report**

The Audit Committee of the Board of Directors is comprised of four non-employee directors. The Board has determined that all of the members of the Audit Committee satisfy the requirements of the New York Stock Exchange ( NYSE ) as to independence and financial literacy. In addition, the Board has determined that Mr. McGillicuddy, Mr. Morrow and Mr. Wilson are audit committee financial experts as defined by SEC rules. Our responsibilities are set forth in our written charter and are described above under the heading Board Composition How our Board Operates Audit Committee on page 15.

We have sole authority to appoint, retain, terminate and determine the compensation of our independent registered public accounting firm. At least annually, we review the performance and qualifications of our independent registered public accounting firm to determine whether to retain such firm on behalf of the Company. Deloitte & Touche LLP ( D&T ) has been Cabot's independent registered public accounting firm since 2007. During its tenure as Cabot's independent registered public accounting firm, D&T has gained significant depth of understanding of Cabot's global businesses, operations and systems, accounting policies and practices, and internal control over financial reporting. In accordance with SEC rules and D&T's policies, audit partners are subject to rotation requirements to limit the number of consecutive years an individual partner may provide services to us. For lead and concurring audit partners, the maximum number of consecutive years of service in that capacity is five years. In fiscal 2016, the Audit Committee, after consultation with management, approved the appointment of a new lead audit partner pursuant to this policy.

One of our primary responsibilities is to assist the Board in its oversight of the quality and integrity of Cabot's financial statements. We met ten times and acted by written consent once during fiscal 2018. A number of those meetings included individual meetings in executive session with D&T and with Cabot's Chief Financial Officer, Corporate Controller, Director of Internal Audit, and General Counsel. We took numerous actions to discharge our oversight responsibility with respect to the audit process, which are summarized in this report.

As described in more detail under the heading Board Composition Our Board's Role in Risk Oversight on page 17, we focus on Cabot's financial risk exposures and the actions management has taken to monitor and mitigate such risks, and oversee Cabot's enterprise risk management processes.

***Review of Audited Financial Statements with Management***



We reviewed and discussed with management Cabot's audited consolidated financial statements for the fiscal year ended September 30, 2018.

***Review of Financial Statements and Other Matters with Independent Registered Public Accounting Firm***

We discussed with D&T Cabot's audited consolidated financial statements for the fiscal year ended September 30, 2018, including the matters required to be communicated by the standards of the Public Company Accounting Oversight Board (PCAOB) and the SEC. This included a discussion of accounting policies and practices critical to our financial statements. We also received the written disclosures and the letter from D&T required by PCAOB Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence, which requires auditors to annually disclose in writing all relationships that in the auditor's professional opinion may reasonably be thought to bear on independence and to confirm their independence, and discussed with D&T its independence from Cabot. In addition, we discussed Cabot's internal controls over financial reporting and management's assessment of the effectiveness of those controls with management, Cabot's internal auditors and D&T. We reviewed with both D&T and Cabot's internal auditors their audit plans, audit scope and identification of audit risks. We also discussed the results of the internal audit examinations with and without management present. In addition, any reports or concerns the Company receives relating to financial matters are communicated directly to the Chair of the Audit Committee.

Table of Contents**2019 PROXY STATEMENT****Audit Committee Matters** (continued)***Recommendation that Financial Statements be Included in Annual Report***

Based on the reviews and discussions referred to above, we recommended to the Board of Directors that the audited financial statements be included in Cabot's Annual Report on Form 10-K for the fiscal year ended September 30, 2018 for filing with the SEC, and appointed D&T as the Company's independent registered public accounting firm for fiscal 2019.

Michael M. Morrow (Chair)

Juan Enriquez

John K. McGillicuddy

Frank A. Wilson

**Audit Fees**

Fees for professional services rendered by D&T for fiscal 2018 and 2017 were as follows:

|                    | <b>Fiscal 2018</b> | <b>Fiscal 2017</b> |
|--------------------|--------------------|--------------------|
| Audit Fees         | \$ 5,469,000       | \$ 4,556,000       |
| Audit-Related Fees | \$ 460,000         | \$ 845,000         |
| Tax Fees           | \$ 8,000           | \$ 0               |

|                |    |   |    |   |
|----------------|----|---|----|---|
| All Other Fees | \$ | 0 | \$ | 0 |
|----------------|----|---|----|---|

The audit services for each of fiscal 2018 and 2017 include professional services for the audit of Cabot's consolidated financial statements included in the Annual Report on Form 10-K (including audit of internal control over financial reporting) and review of financial statements included in Cabot's Quarterly Reports on Form 10-Q, consultations regarding on-going financial accounting matters, and services that are normally provided by the auditor in connection with statutory and regulatory filings or engagements. The increase in audit fees in fiscal 2018 is primarily attributable to additional services in connection with the asset impairment charge in the Purification Solutions segment the Company recorded in the fiscal year and the U.S. tax reform enacted in 2017. Statutory audit fees in foreign jurisdictions are billed in local currency.

The audit-related services for fiscal 2018 consisted primarily of fees for: (i) certain agreed upon procedures performed and related to regulatory compliance matters; (ii) diligence and other strategic activities; and (iii) other attest services. During fiscal 2017, audit-related services consisted of fees for: (i) certain agreed upon procedures performed and related to regulatory compliance matters; (ii) comfort letter procedures; (iii) diligence and other strategic activities; and (iv) other attest services.

The tax services for fiscal 2018 consisted of fees for tax compliance and preparation services and tax advisory services.

### **Audit Committee Pre-Approval Policy**

The Audit Committee has adopted a policy requiring the pre-approval of audit and non-audit services to be provided by Cabot's independent registered public accounting firm. The policy identifies the guiding principles that must be considered by the Audit Committee in approving services to ensure that the auditor's independence is not impaired; describes the audit, audit-related, tax and other services that may be provided and the non-audit services that are prohibited; and sets forth pre-approval requirements for all permitted services. In some cases, pre-approval is provided by the full Audit Committee for the applicable fiscal year for a particular category or group of services, subject to an authorized amount. In other cases, the Audit Committee specifically pre-approves services. To ensure compliance with the policy, the Audit Committee requires the independent registered public accounting firm to report on actual fees charged for each category of services at least quarterly. The Audit Committee has delegated authority to the Chair of the Committee to pre-approve additional services that need to be approved between scheduled Audit Committee meetings, provided that the estimated fee for any such services does not exceed \$100,000, and any such pre-approvals must then be communicated to the full Audit Committee.

All of the services described above for fiscal 2018 and 2017 were pre-approved by the Audit Committee or Committee Chair.

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**2019 PROXY STATEMENT**

**Proposal 3 Ratification of Appointment of Independent Registered Public Accounting Firm**

**Introduction**

The Audit Committee has appointed Deloitte & Touche LLP ( D&T ) to serve as Cabot's independent registered public accounting firm for its fiscal year ending September 30, 2019. The Sarbanes-Oxley Act of 2002 requires the Audit Committee to be directly responsible for the appointment, compensation and oversight of the audit work of the independent registered public accounting firm. However, the Board of Directors is submitting the appointment of D&T to the stockholders for ratification as a matter of good corporate practice. Should the stockholders fail to ratify the appointment of D&T, the Audit Committee may reconsider the appointment and may retain D&T or another accounting firm without resubmitting the matter to stockholders. Even if the stockholders ratify the appointment of D&T, the Audit Committee may select another firm if it determines such selection to be in the best interest of Cabot and its stockholders.

Representatives from D&T are expected to be present at the 2019 Annual Meeting. The representatives will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from Cabot's stockholders.

**Vote Required**

Approval of this proposal requires the affirmative vote of a majority of the votes properly cast on the proposal.

**Recommendation**

**The Board of Directors recommends that you vote FOR the ratification of the Audit Committee's appointment of Deloitte & Touche LLP as Cabot's independent registered public accounting firm for fiscal 2019.**

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**2019 PROXY STATEMENT**

**Other Information**

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who beneficially own more than 10% of our common stock, to file initial reports of ownership and reports of changes in ownership with the SEC and to furnish us with copies of the forms they file. Based on our review of filings made with the SEC and representations made by our directors and executive officers, we believe that all of our directors and executive officers timely filed all reports that were required to be filed under Section 16(a) during the fiscal year ended September 30, 2018.

**Future Stockholder Proposals and Director Nominations**

A stockholder who intends to present a proposal at the 2020 Annual Meeting of Stockholders and who wishes the proposal to be included in our proxy materials for that meeting must submit the proposal in writing to us so that we receive it no later than September 27, 2019. A stockholder who intends to present a proposal at the 2020 Annual Meeting of Stockholders but does not wish the proposal to be included in our proxy materials for that meeting must provide written notice of the proposal to us no earlier than December 8, 2019 and no later than January 7, 2020. We reserve the right to reject, rule out of order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements. Our by-laws, which are available on our website, describe the requirements for submitting proposals at the Annual Meeting. A stockholder who wishes to nominate a director at the 2020 Annual Meeting of Stockholders must notify us in writing no earlier than December 8, 2019 and no later than January 7, 2020. The notice must be given in the manner and must include the information and representations required by our by-laws.

**Annual Report on Form 10-K**

A copy of our 2018 Annual Report, including the financial statements and schedules, is available at <http://www.edocumentview.com/cbt>. To request an additional copy of the 2018 Annual Report without charge, please write to Secretary, Cabot Corporation, Two Seaport Lane, Suite 1300, Boston, MA 02210-2019.

**Solicitation of Proxies**

The cost of soliciting proxies will be borne by Cabot. Officers and other employees of Cabot may solicit proxies personally, by mail, by telephone and by facsimile. Cabot may request banks and brokers or other similar agents or

fiduciaries to transmit the proxy material to the beneficial owners for their voting instructions and will reimburse them for their expenses in so doing. D.F. King & Co., Inc., New York, New York, has been retained to assist Cabot in the solicitation of proxies for a fee of \$13,500.

**Miscellaneous**

Management does not know of any matters to be presented at the 2019 Annual Meeting other than those set forth in the Notice of Annual Meeting of Stockholders. However, if any other matters properly come before the 2019 Annual Meeting that require a vote, the persons named in the proxy delivered to stockholders intend to vote the shares to which the proxy relates on such matters in accordance with their best judgment unless otherwise specified in the proxy.

By order of the Board of Directors,

Jane A. Bell

Secretary

Boston, Massachusetts

January 25, 2019

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## Appendix A

## NON-GAAP RECONCILIATION

Adjusted EPS, adjusted RONA, adjusted EBIT and discretionary free cash flow are not measures of financial performance under U.S. generally accepted accounting principles (GAAP) and should not be considered substitutes for measures of performance reported under GAAP.

**Adjusted EPS.** Adjusted EPS excludes certain items, which are items of expense or income that management does not consider representative of our fundamental ongoing performance. These certain items are described in detail in Note T of our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2018.

The following table reconciles adjusted EPS to earnings per share from continuing operations.

| Fiscal Year                                                   | 2018      |
|---------------------------------------------------------------|-----------|
| Net income (loss) per share attributable to Cabot Corporation | \$ (1.85) |
| Less: Certain items per share and dilutive impact of shares   | \$ (5.88) |
| Adjusted earnings per share                                   | \$ 4.03   |

**Discretionary Free Cash Flow.** We calculate discretionary free cash flow by excluding from our cash flow from operating activities changes in net working capital (defined as changes in accounts receivable, inventory and accounts payable and accrued liabilities) and sustaining and compliance capital expenditures.

The following table reconciles discretionary free cash flow with cash flow from operating activities.

| Fiscal Year                                          | 2018<br>(Dollars in millions) |
|------------------------------------------------------|-------------------------------|
| Cash flow from operating activities                  | \$ 298                        |
| Less: Changes in net working capital                 | \$ (110)                      |
| Less: Sustaining and compliance capital expenditures | \$ 155                        |
| Discretionary free cash flow                         | \$ 253                        |

**Adjusted RONA.** We calculate adjusted RONA by dividing the most recent twelve months adjusted net income (loss) (a non-GAAP numerator) by adjusted net assets (a non-GAAP denominator). In the numerator, we exclude certain items, net of tax, from income (loss) from continuing operations as calculated under GAAP. The denominator consists of our operating assets, which are: net property, plant and equipment; adjusted net working capital; assets held for rent; and investments in equity affiliates. We calculate the items in adjusted net assets using the most recent five quarters average to normalize the impact of large intra-period movements.

**Adjusted EBIT.** We calculate adjusted EBIT by excluding from our income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies, certain items, interest expense, general unallocated income (expense) and equity in earnings of affiliated companies.



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**Your vote matters here's how to vote!**

You may vote online or by phone instead of mailing this card.

**Votes submitted electronically must be received by 1:00 p.m., Eastern Time, on March 7, 2019 and by 9:00 a.m., Eastern Time on March 5, 2019 if you are a participant in one of the employee benefit plans.**

**Online**

Go to  
**[www.envisionreports.com/CBT](http://www.envisionreports.com/CBT)**  
or scan the QR code login details are located in the shaded bar below.

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**Annual Meeting Proxy Card**

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**A Proposals The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposals 2 and 3.**

tion of Directors:

|                         | <b>For</b> | <b>Against</b> | <b>Abstain</b> |                                                                            | <b>For</b> | <b>Against</b> | <b>Abstain</b> |                       | <b>For</b> | <b>Against</b> | <b>Abstain</b> |
|-------------------------|------------|----------------|----------------|----------------------------------------------------------------------------|------------|----------------|----------------|-----------------------|------------|----------------|----------------|
| Michael M. Morrow*      |            |                |                | 02 - Sue H. Rataj*                                                         |            |                |                | 03 - Frank A. Wilson* |            |                |                |
| Matthias L. Wolfgruber* |            |                |                | * Each to be elected to the class of Directors whose term expires in 2022. |            |                |                |                       |            |                |                |

For Against Abstain

For Against Abstain

2. To approve, in an advisory vote, Cabot's executive compensation.

4. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.
3. To ratify the appointment of Deloitte & Touche LLP as Cabot's independent registered public accounting firm for the fiscal year ending September 30, 2019.

.

**B Authorized Signatures    This section must be completed for your vote to be counted.    Date and Sign Below**

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

mm/dd/yyyy)    Please print date below.    Signature 1    Please keep signature within the box.    Signature 2    Please keep signature within

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ENVELOPE. q**

**Proxy Cabot Corporation**

**Annual Meeting of Stockholders March 7, 2019**

**This Proxy is Solicited on Behalf of the Board of Directors**

The undersigned hereby appoints Brian A. Berube, Jane A. Bell and Karen A. Kalita, and each of them, proxies, with power of substitution, to vote the shares of stock of Cabot Corporation that the undersigned is entitled to vote, as specified on the reverse side of this card, and, if applicable, hereby directs the trustees of the employee benefit plans to vote the shares of stock of Cabot Corporation allocated to the account(s) of the undersigned or otherwise that the undersigned is entitled to vote pursuant to such employee benefit plans, at the Annual Meeting of Stockholders of Cabot Corporation to be held on March 7, 2019 at 4:00 p.m., Eastern Time, at the Corporate Headquarters of Cabot Corporation, Two Seaport Lane, Suite 1300, Boston, Massachusetts, and at any adjournment or postponement thereof.

**When this proxy is properly executed the shares to which this proxy relates will be voted as specified and, if no specification is made, will be voted for all nominees in proposal 1 AND for proposals 2 and 3 AND it authorizes the above designated proxies to vote in accordance with their judgment on such other business as may properly come before the meeting.**

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**C** Non-Voting Items

| <b>Change of Address</b> | Please print new address below. | <b>Comments</b> | Please print your comments below. | <b>Meeting Attendance</b>                                             |
|--------------------------|---------------------------------|-----------------|-----------------------------------|-----------------------------------------------------------------------|
|                          |                                 |                 |                                   | Mark box to the right if<br>you plan to attend the<br>Annual Meeting. |