

<b>CABOT CORPORATION CONSOLIDATED STATEMENTS OF OPERATIONS</b>
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Periods ended June 30	Three Months		Nine Months	
<i>Dollars in millions, except per share amounts (unaudited)</i>	<b>2007</b>	2006	<b>2007</b>	2006
Net sales and other operating revenues.....	\$ 649	\$ 666	\$ 1,941	\$ 1,880
Cost of sales.....	<u>543</u>	<u>551</u>	<u>1,547</u>	<u>1,574</u>
Gross profit.....	106	115	394	306
Selling and administrative expenses.....	56	59	183	176
Research and technical expenses.....	17	14	49	41
<b>Income from operations.....</b>	<b>33</b>	<b>42</b>	<b>162</b>	<b>89</b>
<b>Other income and expense</b>				
Interest and dividend income.....	3	-	8	3
Interest expense.....	(8)	(6)	(26)	(19)
Other income (expense).....	3	(2)	4	-
Total other income and expense.....	<u>(2)</u>	<u>(8)</u>	<u>(14)</u>	<u>(16)</u>
<b>Income from continuing operations before income taxes .....</b>	<b>31</b>	34	<b>148</b>	73
Provision for income taxes.....	(9)	(8)	(40)	(13)
Equity in net income of affiliated companies, net of tax.....	3	1	9	8
Minority interest in net income, net of tax.....	<u>(4)</u>	<u>(2)</u>	<u>(11)</u>	<u>(9)</u>
<b>Net Income from continuing operations.....</b>	<b>21</b>	25	<b>106</b>	59
<b>Discontinued operations, net of tax <sup>(A)</sup>.....</b>	<b>(1)</b>	-	<b>(1)</b>	-
<b>Cumulative effect of an accounting change, net of tax <sup>(B)</sup>.....</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
<b>Net income .....</b>	<b>20</b>	25	<b>105</b>	61
Dividends on preferred stock, net of tax benefit.....	-	(1)	(1)	(2)
<b>Net income available to common shares.....</b>	<b>\$ 20</b>	<b>\$ 24</b>	<b>\$ 104</b>	<b>\$ 59</b>
<b>Diluted earnings per share of common stock</b>				
Income from continuing operations.....	\$ 0.31	\$ 0.37	\$ 1.55	\$ 0.85
Discontinued operations, net of tax <sup>(A)</sup>	(0.01)	-	(0.01)	-
Cumulative effect of an accounting change, net of tax <sup>(B)</sup>	-	-	-	0.04
Net income .....	<u>\$ 0.30</u>	<u>\$ 0.37</u>	<u>\$ 1.54</u>	<u>\$ 0.89</u>
<b>Weighted average common shares outstanding</b>				
Diluted .....	<b>68</b>	69	<b>68</b>	69

<sup>(A)</sup> Amount relates to legal settlements in connection with our discontinued operations.

<sup>(B)</sup> Cumulative benefit of an accounting change for implementation of FAS 123 (R), net of tax.

<b>CABOT CORPORATION SUMMARY RESULTS BY SEGMENTS</b>
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Periods ended June 30	Three Months		Nine Months	
<i>Dollars in millions, except per share amounts (unaudited)</i>	<b>2007</b>	2006	<b>2007</b>	2006
<b>SALES</b>				
Carbon Black Business <sup>(A)</sup> .....	\$ 506	\$ 514	\$ 1,484	\$ 1,409
Rubber blacks.....	351	367	1,048	1,011
Performance products.....	142	134	399	360
Inkjet colorants.....	13	12	36	35
Superior MicroPowders.....	-	1	1	3
Metal Oxides Business.....	67	66	200	185
Fumed metal oxides.....	66	65	199	184
Aerogel.....	1	1	1	1
Supermetals Business.....	48	66	178	226
Specialty Fluids Business.....	16	12	42	33
Segment sales .....	<u>637</u>	<u>658</u>	<u>1,904</u>	<u>1,853</u>
Unallocated and other <sup>(B)</sup> .....	12	8	37	27
Net sales and other operating revenues.....	<u>\$ 649</u>	<u>\$ 666</u>	<u>\$ 1,941</u>	<u>\$ 1,880</u>
<b>SEGMENT PROFIT</b>				
Carbon Black Business.....	\$ 25	\$ 23	\$ 136	\$ 70
Metal Oxides Business.....	9	6	28	13
Supermetals Business.....	-	9	14	32
Specialty Fluids Business.....	7	5	18	13
<b>Total Segment Profit</b> <sup>(C)</sup> .....	<u>41</u>	<u>43</u>	<u>196</u>	<u>128</u>
Interest expense.....	(8)	(6)	(26)	(19)
General unallocated income (expense) <sup>(D)</sup> .....	1	(2)	(13)	(28)
Less: Equity in net income of affiliated companies, net of tax.....	<u>(3)</u>	<u>(1)</u>	<u>(9)</u>	<u>(8)</u>
<b>Income from continuing operations before income taxes</b> .....	<u>31</u>	<u>34</u>	<u>148</u>	<u>73</u>
Provision for income taxes.....	(9)	(8)	(40)	(13)
Equity in net income of affiliated companies, net of tax.....	3	1	9	8
Minority interest in net income, net of tax.....	<u>(4)</u>	<u>(2)</u>	<u>(11)</u>	<u>(9)</u>
<b>Net Income from continuing operations</b> .....	<u>21</u>	<u>25</u>	<u>106</u>	<u>59</u>
Discontinued operations, net of tax <sup>(E)</sup> .....	(1)	-	(1)	-
Cumulative effect of an accounting change, net of tax <sup>(F)</sup> .....	-	-	-	2
<b>Net income</b> .....	<u>20</u>	<u>25</u>	<u>105</u>	<u>61</u>
Dividends on preferred stock, net of tax benefit.....	-	(1)	(1)	(2)
<b>Net income available to common shares</b> .....	<u>\$ 20</u>	<u>\$ 24</u>	<u>\$ 104</u>	<u>\$ 59</u>
<b>Diluted earnings per share of common stock</b>				
Income from continuing operations.....	\$ 0.31	\$ 0.37	\$ 1.55	\$ 0.85
Discontinued Operations, net of tax <sup>(E)</sup> .....	(0.01)	-	(0.01)	-
Cumulative effect of an accounting change, net of tax <sup>(F)</sup> .....	-	-	-	0.04
<b>Net income</b> .....	<u>\$ 0.30</u>	<u>\$ 0.37</u>	<u>\$ 1.54</u>	<u>\$ 0.89</u>
<b>Weighted average common shares outstanding</b>				
Diluted .....	68	69	68	69

(A) Segment sales for certain operating segments within the Carbon Black Business include 100% of sales of one equity affiliate at market-based prices.

(B) Unallocated and other reflects an elimination for sales of one equity affiliate offset by royalties paid by equity affiliates and external shipping and handling fees.

(C) Segment profit is a measure used by Cabot's operating decision-makers to measure consolidated operating results and assess segment performance. Segment profit includes equity in net income of affiliated companies and excludes royalties paid by equity affiliates, minority interest and allocated corporate costs.

(D) General unallocated expense includes foreign currency transaction gains (losses), interest income, dividend income, and the certain items listed in Exhibit I. The amount for the nine months ended June 30, 2006 also includes the \$27 million settlement payment to the Sons of Gwalia.

(E) Amount relates to legal settlements in connection with our discontinued operations.

(F) Cumulative benefit of an accounting change for implementation of FAS 123 (R), net of tax.

*Third Quarter Earnings Announcement, Fiscal 2007*

**CABOT CORPORATION CONDENSED CONSOLIDATED FINANCIAL POSITION**

	<b>June 30 2007</b>	September 30, 2006
<i>Dollars in millions, except share and per share amounts</i>	<i>(unaudited)</i>	<i>(audited)</i>
Current assets:		
Cash and cash equivalents	\$ 229	\$ 189
Short-term marketable securities	11	1
Accounts and notes receivable, net of reserve for doubtful accounts of \$5 and \$6	560	534
Inventories:		
Raw materials	140	131
Work in process	93	109
Finished goods	158	139
Other	41	41
Total inventories	<u>432</u>	<u>420</u>
Prepaid expenses and other current assets	74	75
Deferred income taxes	34	36
Total current assets	<u>1,340</u>	<u>1,255</u>
Investments:		
Equity affiliates	62	59
Long-term marketable securities and cost investments	3	3
Total investments	<u>65</u>	<u>62</u>
Property, plant and equipment	2,677	2,531
Accumulated depreciation and amortization	<u>(1,713)</u>	<u>(1,567)</u>
Net property, plant and equipment	<u>964</u>	<u>964</u>
Other assets:		
Goodwill	34	31
Intangible assets, net of accumulated amortization of \$11 and \$10	4	5
Assets held for rent	42	40
Deferred income taxes	96	100
Other assets	83	77
Total other assets	<u>259</u>	<u>253</u>
Total assets	<u>\$ 2,628</u>	<u>\$ 2,534</u>

Third Quarter Earnings Announcement, Fiscal 2007

**CABOT CORPORATION CONDENSED CONSOLIDATED FINANCIAL POSITION**

	June 30 2007 <i>(unaudited)</i>	September 30, 2006 <i>(audited)</i>
<i>Dollars in millions, except share and per share amounts</i>		
Current liabilities:		
Notes payable to banks	\$ 68	\$ 58
Accounts payable and accrued liabilities	398	384
Income taxes payable	28	27
Deferred income taxes	2	2
Current portion of long-term debt	15	34
Total current liabilities	<u>511</u>	<u>505</u>
Long-term debt	437	459
Deferred income taxes	18	20
Other liabilities	295	286
Minority interest	70	68
Stockholders' equity:		
Preferred stock:		
Authorized: 2,000,000 shares of \$1 par value		
Series B ESOP Convertible Preferred Stock 7.75% Cumulative		
Authorized: 200,000 shares		
Issued: 49,436 and 55,895 shares	49	56
Outstanding: 32,275 and 38,734 shares (aggregate redemption value of \$32 and \$39 at \$1,000 per share)		
Less cost of 17,161 shares of preferred treasury stock	(38)	(38)
Common stock:		
Authorized: 200,000,000 shares of \$1 par value		
Issued: 63,934,084 and 63,579,040 shares	64	64
Outstanding: 63,789,213 and 63,432,651 shares		
Less cost of 144,871 and 146,389 shares of common treasury stock	(5)	(5)
Additional paid-in capital	2	7
Retained earnings	1,230	1,160
Deferred employee benefits	(35)	(38)
Notes receivable for restricted stock	(15)	(20)
Accumulated other comprehensive income	45	10
Total stockholders' equity	<u>1,297</u>	<u>1,196</u>
Total liabilities and stockholders' equity	<u>\$ 2,628</u>	<u>\$ 2,534</u>

# CABOT CORPORATION

## Fiscal 2006

## Fiscal 2007

In millions, except per share amounts (unaudited)	Dec. Q.	Mar. Q.	June Q.	Sept. Q.	FY	Dec. Q.	Mar. Q.	June Q.	Sept. Q.	FY
<b>Sales</b>										
Carbon Black Business <sup>(A)</sup>	\$ 419	\$ 476	\$ 514	\$ 508	\$ 1,917	\$ 485	\$ 493	\$ 506		\$ 1,484
Rubber blacks	298	346	367	367	1,378	351	346	351		1,048
Performance products	109	117	134	128	488	123	134	142		399
Inkjet colorants	11	12	12	12	47	10	13	13		36
Superior MicroPowders	1	1	1	1	4	1	-	-		1
Metal Oxides Business	57	62	66	69	254	65	68	67		200
Fumed metal oxides	57	62	65	69	253	65	68	66		199
Aerogel	-	-	1	-	1	-	-	1		1
Supermetals Business	93	67	66	66	292	77	53	48		178
Specialty Fluids Business	10	11	12	11	44	16	10	16		42
Segment Sales	579	616	658	654	2,507	643	624	637		1,904
Unallocated and other <sup>(B)</sup>	8	11	8	9	36	12	13	12		37
<b>Net sales and other operating revenues</b>	<b>\$ 587</b>	<b>\$ 627</b>	<b>\$ 666</b>	<b>\$ 663</b>	<b>\$ 2,543</b>	<b>\$ 655</b>	<b>\$ 637</b>	<b>\$ 649</b>		<b>\$ 1,941</b>
<b>Segment Profit</b>										
Carbon Black Business <sup>(C)</sup>	\$ 21	\$ 26	\$ 23	\$ 31	\$ 101	\$ 54	\$ 57	25		\$ 136
Metal Oxides Business <sup>(C)</sup>	2	5	6	9	22	9	10	9		28
Supermetals Business	11	12	9	9	41	16	(2)	-		14
Specialty Fluids Business	4	4	5	3	16	8	3	7		18
Total Segment Profit <sup>(D)</sup>	38	47	43	52	180	87	68	41		196
Interest expense	(6)	(7)	(6)	(8)	(27)	(9)	(9)	(8)		(26)
General unallocated income (expense) <sup>(E)</sup>	(2)	(24)	(2)	(16)	(44)	-	(15)	1		(13)
Less: Equity in net income of affiliated companies, net of tax	(3)	(4)	(1)	(4)	(12)	(3)	(3)	(3)		(9)
Income from continuing operations before income taxes	27	12	34	24	97	75	41	31		148
(Provision) benefit for income taxes	(4)	(1)	(8)	4	(9)	(19)	(11)	(9)		(40)
Equity in net income of affiliated companies, net of tax	3	4	1	4	12	3	3	3		9
Minority interest in net income, net of tax	(4)	(3)	(2)	(3)	(12)	(5)	(2)	(4)		(11)
<b>Net income from continuing operations</b>	<b>22</b>	<b>12</b>	<b>25</b>	<b>29</b>	<b>88</b>	<b>54</b>	<b>31</b>	<b>21</b>		<b>106</b>
<b>Discontinued operations, net of tax <sup>(F)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>(1)</b>		<b>(1)</b>
<b>Cumulative effect of accounting changes, net of tax <sup>(G)</sup></b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
Net income	24	12	25	27	88	54	31	20		105
Dividends on preferred stock, net of tax benefit	(1)	-	(1)	-	(2)	-	(1)	-		(1)
<b>Net income available to common shares</b>	<b>\$ 23</b>	<b>\$ 12</b>	<b>\$ 24</b>	<b>\$ 27</b>	<b>\$ 86</b>	<b>\$ 54</b>	<b>\$ 30</b>	<b>\$ 20</b>		<b>\$ 104</b>
<b>Diluted earnings per share of common stock</b>										
Net income from continuing operations	\$ 0.31	\$ 0.17	\$ 0.37	\$ 0.43	\$ 1.28	\$ 0.79	\$ 0.45	\$ 0.31		\$ 1.55
Discontinued operations, net of tax <sup>(F)</sup>	-	-	-	0.03	0.03	-	-	(0.01)		(0.01)
Cumulative effects of accounting changes, net of tax <sup>(G)</sup>	0.04	-	-	(0.07)	(0.03)	-	-	-		-
Net income	\$ 0.35	\$ 0.17	\$ 0.37	\$ 0.39	\$ 1.28	\$ 0.79	\$ 0.45	\$ 0.30		\$ 1.54
<b>Weighted average common shares outstanding</b>										
Diluted	68	69	69	68	68	69	69	68		68

(A) Segment sales for certain operating segments within the Carbon Black Business include 100% of sales of one equity affiliate at market-based prices.

(B) Unallocated and other reflects an elimination for sales for one equity affiliate offset by royalties paid by equity affiliates and external shipping and handling fees.

(C) The fourth quarter and fiscal year end 2006 amounts include a reclassification of \$4 million of profit from the Carbon Black segment to the Metal Oxides segment. This reclassification was deemed to be immaterial for purposes of the annual segment reporting in the September 30, 2006 consolidated financial statements.

(D) Segment profit is a measure used by Cabot's operating decision-makers to measure consolidated operating results and assess segment performance. Segment profit includes equity in net income of affiliated companies, royalties paid by equity affiliates, minority interest and allocated corporate costs.

(E) General unallocated expense includes foreign currency transaction gains (losses), interest income, dividend income and certain items listed in Exhibit I. These amounts also include the \$27 million settlement payment to the Sons of Gwalia in the second quarter of 2006.

(F) For the third quarter of fiscal 2007 the amount relates to legal settlements in connection with our discontinued operations. For the fourth quarter and fiscal year 2006 the amount relates to a favorable tax settlement recognized during the period from our discontinued liquified natural gas business.

(G) Amounts relate to the cumulative benefit resulting from the adoption of FAS 123(R) in the first quarter of 2006 of \$0.04 and the cumulative expense resulting from the adoption of FIN 47 in the fourth quarter of 2006 of (\$0.07).

Third Quarter Earnings Announcement, Fiscal 2007

**CABOT CORPORATION CERTAIN ITEMS - Exhibit I**

Periods ended June 30 <i>Dollars in millions, except per share amounts (unaudited)</i>	Three Months				Nine Months			
	2007	2007	2006	2006	2007	2007	2006	2006
	\$	per share <sup>(A)</sup>	\$	per share <sup>(A)</sup>	\$	per share <sup>(A)</sup>	\$	per share <sup>(A)</sup>
<u>Certain items before income taxes</u>								
Environmental reserves/settlement	\$ (1)	\$ (0.01)	\$ -	\$ -	\$ (6)	\$ (0.07)	\$ -	\$ -
Restructuring initiatives - Global	-	-	-	-	(4)	(0.04)	-	-
Restructuring initiatives - Altona	-	-	(1)	(0.01)	(1)	(0.01)	(4)	(0.04)
Cost reduction initiatives	-	-	(1)	(0.01)	-	-	(4)	(0.04)
Restructuring - North America	(3)	(0.03)	-	-	(3)	(0.03)	-	-
Carbon Black antitrust litigation	-	-	-	-	(10)	(0.09)	-	-
Gwalia settlement payment	-	-	-	-	-	-	(27)	(0.25)
Total certain items	(4)	(0.04)	(2)	(0.02)	(24)	(0.24)	(35)	(0.33)
Cumulative effect of an accounting change <sup>(B)</sup>	-	-	-	-	-	-	4	0.04
Discontinued operations <sup>(C)</sup>	(1)	(0.01)	-	-	(1)	(0.01)	-	-
Total certain items, cumulative effect of an accounting change and discontinued operations	(5)	(0.05)	(2)	(0.02)	(25)	(0.25)	(31)	(0.29)
Tax impact of certain items, cumulative effect of an accounting change and discontinued operations	2	-	-	-	8	-	10	-
Total certain items, cumulative effect of an accounting change and discontinued operations, after tax	\$ (3)	\$ (0.05)	\$ (2)	\$ (0.02)	\$ (17)	\$ (0.25)	\$ (21)	\$ (0.29)

Periods ended June 30 <i>Dollars in millions (unaudited)</i>	Three Months		Nine Months	
	2007	2006	2007	2006

Statement of Operations Line Item

Net sales and other operating revenues	\$ -	\$ -	\$ -	\$ 1
Cost of sales	(3)	(1)	(11)	(31)
Selling and administrative expenses	(1)	(1)	(13)	(5)
Total certain items	\$ (4)	\$ (2)	\$ (24)	\$ (35)

Periods ended June 30 <i>Dollars in millions (unaudited)</i>	Three Months		Nine Months	
	2007	2006	2007	2006

Certain items by Segment

Carbon Black Business	\$ (3)	\$ (1)	\$ (20)	\$ (4)
Supermetals Business	-	(1)	(2)	(31)
Other	(1)	-	(2)	-
Total certain items	\$ (4)	\$ (2)	\$ (24)	\$ (35)

(A) Per share amounts are calculated after tax.

(B) Cumulative benefit resulting from adoption of FAS 123(R) in the first quarter of 2006, net of tax.

(C) Amount relates to legal settlements in connection with our discontinued operations.