CABOT CORP
Form 10-K
December 14, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2006

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-5667

Cabot Corporation

(Exact name of Registrant as specified in its charter)

Delaware	**04-2271897**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
Two Seaport Lane, Suite 1300 Boston, Massachusetts	**02210**
(Address of Principal Executive Offices)	*(Zip Code)*

(617) 345-0100

(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common stock, $1.00 par value per share	Boston Stock Exchange New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for

the past 90 days. Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer o Non-accelerated filer o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of the last business day of the Registrant s most recently completed second fiscal quarter (March 31, 2006), the aggregate market value of the Registrant s common stock held by non-affiliates was approximately $2,092,490,000. As of December 5, 2006, there were 64,096,052 shares of the Registrant s Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant s definitive Proxy Statement for its 2007 Annual Meeting of Shareholders are incorporated by reference in Part III of this annual report on Form 10-K.

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Information Relating to Forward-Looking Statements

This report on Form 10-K contains forward-looking statements under the Federal securities laws. These forward-looking statements include statements relating to our future business performance and overall prospects; demand for our products; utilization of new carbon black capacity in China and the timing of commercial approvals of product produced at our new rubber blacks unit in Maua, Brazil; growth in the inkjet colorants product line; capacity utilization at our fumed metal oxides plants; development of our aerogel product line; profitability of the Supermetals Business and our ability to continue to realize benefits from our efforts to reduce the cost structure in this Business; growth of our Specialty Fluids Business outside of the North Sea; anticipated capital spending; cost reduction initiatives; cash requirements and uses of available cash; exposure to interest rate and foreign exchange risk; our expected tax rate for fiscal 2007; environmental matters; and the possible outcome of legal proceedings. From time to time, we also provide forward-looking statements in other materials we release to the public and in oral statements made by authorized officers.

Forward-looking statements are based on our current expectations, assumptions, estimates and projections about Cabot s businesses and strategies, market trends and conditions, economic conditions and other factors. These statements are not guarantees of future performance and are subject to risks, uncertainties, potentially inaccurate assumptions, and other factors, some of which are beyond our control and difficult to predict. If known or unknown risks materialize, or should underlying assumptions prove inaccurate, our actual results could differ materially from past results and from those expressed in the forward-looking statements. Important factors that could cause our actual results to differ materially from those expressed in our forward-looking statements are described in Item 1A in this Annual Report.

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

PART I

Item 1. *Business*

General

Cabot s business was founded in 1882 and incorporated in the State of Delaware in 1960. Cabot is a global specialty chemicals and performance materials company headquartered in Boston, Massachusetts. Our principal products are rubber blacks, performance products, inkjet colorants, fumed metal oxides, aerogels, tantalum and related products, and cesium formate drilling fluids. Cabot and its affiliates have manufacturing facilities in the United States and more than 20 other countries. The terms Cabot , Company , we , and our as used in this Report refer to Cabot Corporation and its consolidated subsidiaries.

Our business strategy is based on two key principles: optimizing our core businesses and product lines (rubber blacks, performance products, fumed metal oxides and tantalum) and investing the cash and intellectual resources they generate in new businesses and product lines (inkjet colorants, cesium formate, aerogel and Superior MicroPowders).

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

We are organized into four reportable segments: the Carbon Black Business, the Metal Oxides Business, the Supermetals Business and the Specialty Fluids Business. These businesses are discussed in more detail later in this section. In addition, we also manage our businesses on a regional basis and are organized into five business regions: North America, South America, Europe, Asia Pacific, and China. Financial information about our business segments and geographic areas appears in Management s Discussion and Analysis of Financial Condition and Results of Operations in Item 7 below (MD&A), and in Note U of the Notes to our Consolidated Financial Statements in Item 8 below. We adopted our current segment reporting structure in fiscal 2005. Financial information prior to fiscal 2005 has been conformed to reflect our current segment reporting structure.

Our internet address is *www.cabot-corp.com.* We make available free of charge on or through our internet website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after electronically filing such material with, or furnishing it to, the SEC.

Carbon Black Business

Carbon black is a form of elemental carbon, which is manufactured in a highly controlled process to produce particles and aggregates of varied structure and surface chemistry, resulting in many different performance characteristics for a wide variety of applications. Carbon black is widely used to enhance the physical, electrical and optical properties of the systems and applications in which it is incorporated. Manufactured to match customer needs and performance requirements, carbon black is sold to diverse markets, including the automotive, building materials, agricultural, coatings, toners, plastics, inkjet printing and electronics markets. The Carbon Black Business is primarily comprised of the rubber blacks, performance products and inkjet colorants product lines. The Carbon Black Business also encompasses the business development activities of Cabot Superior MicroPowders (CSMP).

Product Lines

Our rubber blacks products are used in tires and industrial products. Rubber blacks have traditionally been used in the tire industry as a rubber reinforcing agent and are also used as a performance additive. In industrial products such as hoses, belts, extruded profiles and molded goods, rubber blacks are used to improve the physical performance of the product. In addition to the carbon black we make using conventional carbon black manufacturing methods, we are developing elastomer composite products (referred to as Cabot Elastomer Composites or CEC) that are compounds of natural rubber and carbon black made by a patented liquid phase process. Our CEC products are targeted primarily for tire and industrial rubber applications because we believe these compounds improve wear resistance, reduce fatigue and reduce rolling resistance compared to natural rubber/carbon black compounds made by conventional methods.

Our performance products are specialized grades of carbon blacks that are used to enhance conductivity and static charge control, to provide UV protection, to enhance mechanical properties, to provide chemical flexibility through surface treatment and as pigments. These products are used in a wide variety of industries such as inks, coatings, cables, pipes, toners and electronics. Our performance products include black and white thermoplastic concentrates and specialty compounds that are marketed to the plastics industry.

Our inkjet colorants are high-quality pigment-based black and other colorant dispersions we manufacture by surface treating special grades of carbon black and other pigments. Our black colorants have been used in several inkjet printing systems introduced to the market since 1998, and the expansion of our surface modification technology (small molecule attachment) to other pigments permitted

commercialization of color pigment dispersions during fiscal year 2002. The dispersions are used in aqueous inkjet inks to impart color (optical density or chroma) with improved durability (waterfastness, lightfastness, rub resistance) while maintaining high printhead reliability. Cabot s inkjet colorants are produced for various inkjet printing markets, including small office and home office, high-speed, wide format, and commercial and industrial printing applications.

CSMP is a research and development enterprise with multiple technology platforms and core competencies in advanced powder manufacturing across a wide range of materials and the related materials chemistries. Its principal areas of commercial focus are in developing advanced materials for security applications (anti-counterfeiting materials), fuel cell applications (portable, stationary and automotive), catalysts, and for other fine particle markets. We also expect CSMP to provide our other businesses with technology support to develop new technologies that complement existing markets and provide opportunities for new business growth.

Sales, Customers and Seasonality

Sales of rubber blacks, performance products and inkjet colorants are made by Cabot employees and through distributors and sales representatives. The amount of sales for each product line and CSMP for each of the last three fiscal years is set forth in the following table:

	Years Ended September 30		
	2006	2005	2004
	(In millions)		
Rubber blacks	$ 1,378	$ 976	$ 863
Performance products	488	469	427
Inkjet colorants	47	39	31
CSMP	4	6	4
Total Carbon Black Business Sales	$ 1,917	$ 1,490	$ 1,325

Sales to three major tire customers represent a material portion of the Carbon Black Business s total net sales and operating revenues. The loss of any of these customers could have a material adverse effect on the Carbon Black Business. In fiscal 2006, sales to The Goodyear Tire and Rubber Company (Goodyear) amounted to 14% of Cabot s consolidated revenues. We did not have sales during the fiscal year to any other customer in an amount equal to or greater than 10% of Cabot s consolidated revenues for the year.

Much of the carbon black we sell is used in automotive products and, therefore, our financial results may be affected by the cyclical nature of the automotive industry. However, a large portion of the market for our products is in replacement tires and other parts that are less subject to automotive industry cycles.

Under appropriate circumstances, we have pursued a strategy of entering into annual and long-term supply contracts (those with an initial term longer than one year) with certain customers. These contracts are designed to provide our customers with a secure supply of carbon black and help us reduce the volatility in our carbon black volumes and margins. Many of these contracts provide for quarterly sales price adjustments to account for changes in feedstock costs and, in some cases, changes in other relevant costs. We currently have global long-term rubber blacks supply contracts with two major tire customers. A portion of the supply arrangements with one of these customers expires by its terms at the end of calendar year 2006. Negotiations for a new supply arrangement with this customer, which began in 2005, continue. In fiscal year 2006, approximately 54% of the volume of rubber blacks sold by Cabot was sold under long-term contracts in effect during the fiscal year, and approximately 13% was sold under annual contracts in effect during the fiscal year. We currently sell performance products to seven customers pursuant to long-

term supply contracts. During fiscal year 2006, sales under long-term contracts accounted for approximately 20% of the volume of performance products we sold.

Sales of inkjet colorants are made to inkjet printer manufacturers and to suppliers of inkjet inks in the inkjet cartridge aftermarket.

Competition

We are one of the leading manufacturers of rubber blacks and performance products in the world, with an estimated one-quarter of the aggregate worldwide production capacity for these products combined. Cabot is also one of the five leading producers of thermoplastic concentrates in Europe. We compete in the manufacture of rubber blacks and performance products primarily with Columbian Chemicals Company and Degussa AG (both of which have a global presence), and with at least 20 other companies in various regional markets in which we operate, including the Aditya Birla Group of companies and China Synthetic Rubber Corporation.

Our inkjet colorants are designed to replace traditional pigment dispersions and dyes used in inkjet printing applications. Competitive products for inkjet colorants are organic dyes and other dispersed pigments manufactured and marketed by large chemical companies and small independent producers.

Competition for products within the Carbon Black Business is based on price, service, quality, product performance and technical innovation. With respect to our rubber blacks and performance products product lines, competition is also based upon the proximity of our manufacturing operations to those of our customers.

Raw Materials

The principal raw material used in the manufacture of carbon black is a portion of the residual heavy oils derived from petroleum refining operations and from the distillation of coal tars and the production of ethylene throughout the world. Natural gas is also used in the production of carbon black. While the lack of availability of raw materials has not been a significant factor for our rubber blacks or performance products product lines, we may experience some difficulty obtaining low sulfur feedstock at an acceptable cost for our European operations in the event the proposed Best Available Techniques Reference Documents, which are commonly referred to as BREF Notes, are adopted. The proposed BREF Note for the European carbon black industry, which is described more fully under Safety, Health and Environment below, calls for an annual average sulfur content in carbon black feedstock in a range of 0.5% to 1.5%. Raw material costs generally are influenced by the availability of various types of carbon black feedstock and natural gas, and related transportation costs.

Other than carbon black feedstock, the primary materials used for thermoplastic concentrates are titanium dioxide, thermoplastic resins and mineral fillers. Raw materials for these concentrates are, in general, readily available.

Raw materials for inkjet colorants include carbon black sourced from our carbon black plants, organic pigments and other treating agents available from various sources. We believe that all raw materials to produce inkjet colorants are in adequate supply.

Operations

We own (or have a controlling interest in) and operate plants that produce rubber blacks and/or performance products grades of carbon black in Argentina, Brazil, Canada, China, Colombia, the Czech Republic, the United Kingdom, France, India, Indonesia, Italy, Japan, The Netherlands, and the United States. Our affiliates own carbon black plants in Malaysia, Mexico and Venezuela. Our thermoplastic concentrates and specialty compounds are produced in facilities in Belgium, Italy, the United Kingdom

and China (Hong Kong). Inkjet colorants are manufactured in the United States. Some of our plants are built on leased land (see Properties below).

In October 2005, we ceased manufacturing operations at our Altona, Australia plant. The decision to close the plant was based on the decline in Australia s domestic carbon black market and the loss of our feedstock supply in Australia.

Until November 2005, we had a 50:50 joint venture arrangement with Showa Denko K.K. for the manufacture and supply of carbon black in Japan through an entity called Showa Cabot K.K. On November 8, 2005, we acquired Showa Denko K.K. s 50% joint venture interest in Showa Cabot K.K. and renamed the entity Cabot Japan K.K.

Many of our rubber blacks and performance products customers have been moving their manufacturing operations to emerging, lower cost regions. To remain competitive, we have been expanding our operations in those regions, particularly in China. In fiscal 2004, we completed expansion of a rubber blacks plant in Shanghai operated by Shanghai Cabot Chemical Company Ltd. (SCCCL), our joint venture with Shanghai Coking & Chemical Company (Shanghai Coking). We own 70% of SCCCL. In fiscal 2005, we expanded our relationship with Shanghai Coking by entering into two joint ventures for the construction and operation of a new plant in Tianjin, China with units that will produce both rubber blacks and performance products. We own 70% of the rubber blacks joint venture and 90% of the performance products joint venture. The Tianjin plant currently includes two completed rubber blacks production units, which began producing product for customers in the third quarter of 2006. Construction of the performance products unit continues to be delayed because of permitting issues. In addition to our expansion in China, a new rubber blacks manufacturing unit at our plant in Maua, Brazil became operational in the first quarter of fiscal 2007.

In fiscal 2006, we completed construction of our new inkjet colorants manufacturing unit in Haverhill, Massachusetts, and in the fourth quarter product manufactured at the new unit was qualified for commercial use by one of our key customers. This capacity is intended to serve the high-speed inkjet market, which is expected to have commercial launches in the spring of 2007.

The headquarters for our rubber blacks and performance products product lines is located in Boston, Massachusetts; the headquarters for the inkjet colorants product line is located in Billerica, Massachusetts; and the headquarters for CSMP is in Albuquerque, New Mexico. Rubber blacks and performance products also have regional headquarters in Alpharetta, Georgia (North America), São Paulo, Brazil (South America), Leuven, Belgium (Europe), Kuala Lumpur, Malaysia (Asia Pacific) and Shanghai, China (China).

Metal Oxides Business

The Metal Oxides Business is comprised of the fumed metal oxides (including fumed silica and fumed alumina and dispersions thereof) and aerogel product lines.

Product Lines

Fumed silica is an ultra-fine, high-purity particle used as a reinforcing, thickening, abrasive, thixotropic, suspending or anti-caking agent in a wide variety of products produced for the automotive, construction, microelectronics, and consumer products industries. These products include adhesives, sealants, cosmetics, inks, toners, silicone rubber, coatings, polishing slurries and pharmaceuticals. Fumed alumina, also an ultra-fine, high purity particle, is used as an abrasive, absorbant or barrier agent in a variety of products, such as inkjet media, lighting, coatings and cosmetics.

Cabot s aerogels are nano-structured high surface area hydrophobic silica particles with potential uses in a variety of thermal and acoustic insulation applications. Cabot s aerogels are marketed under the Nanogel® trademark. The first commercial shipment of Cabot s Nanogel® product occurred in December 2002. To date, the product has been incorporated into the skylight, window and wall system products of several manufacturers of panels for use in the daylighting segment of the construction industry. We continue to focus on application and market development activities for use of aerogels in other commercial areas, and in fiscal 2006, began working with several potential customers to qualify our aerogels products for oil and gas pipeline insulation applications. Because our aerogel products are new, there is a significant risk that products targeted for new applications or markets will not gain market acceptance or that there will not be sufficient market size to support this product.

Sales and Customers

Sales of fumed metal oxides and aerogels are made by Cabot employees and through distributors and sales representatives. The amount of sales for each product line for each of the last three fiscal years is set forth in the following table:

	Years Ended September 30		
	2006	2005	2004
	(In millions)		
Fumed metal oxides	$ 253	$ 231	$ 221
Aerogel	1		
Total Metal Oxides Business Sales	$ 254	$ 231	$ 221

Sales to one silicones customer and one microelectronics customer represent a material portion of the Metal Oxides Business. The loss of either of these customers would have a material adverse effect on the Metal Oxides Business. We currently supply fumed metal oxides to both of these customers pursuant to long-term contracts. These contracts accounted for approximately 56% of the volume of fumed metal oxides sold by Cabot in fiscal year 2006.

Competition

We believe we are the leading producer and seller of fumed silica in the United States and second worldwide. We compete in the manufacture of fumed silica primarily with Degussa AG, Wacker-Chemie GmbH and Tokuyama Corporation, all of which have a global presence, and with at least four other companies in various regional markets in which we operate.

Although the manufacturing processes used are different, in premium insulation markets, our aerogel products compete principally with aerogel products manufactured by Aspen Aerogel, Inc. and other manufacturers of non-aerogel insulation products.

Competition for products within our Metal Oxides Business is based on price, service, quality, product performance and technical innovation. For our fumed metal oxides product line, competition is also based upon the proximity of our manufacturing operations to those of our customers.

Raw Materials

Raw materials for the production of fumed silica are various chlorosilane feedstocks. The feedstocks are either purchased or converted to product on a fee-basis (so called toll conversion) for owners of the feedstock. We also purchase aluminum chloride as feedstock for the production of fumed alumina. We have long-term procurement contracts or arrangements in place for the purchase of feedstock for this business, which we believe will enable us to meet our raw material requirements for the foreseeable future. In addition, we buy some raw materials in the spot market to help ensure flexibility and minimize costs.

The principal raw materials for the production of aerogels are silica sol or sodium silicate and trimethyl-chloro-silane, which we believe are in adequate supply.

Operations

We own two fumed metal oxide manufacturing plants in North America; one in Tuscola, Illinois and one in Midland, Michigan. We also own manufacturing plants in the United Kingdom and Germany and have a 50% joint venture interest in an Indian entity that owns a plant in India. As part of our market development and capacity expansion plans in China, we entered into a joint venture in February 2004 with Bluestar New Chemical Materials Co., Ltd. to manufacture fumed silica in China. We own 90% of the venture, called Cabot Bluestar Chemical (Jiangxi) Co., Ltd., which completed construction of a fumed silica manufacturing plant near Nanchang, in Jiangxi Province in 2006. The plant began producing product for customers in the third quarter of fiscal 2006.

In 2002, we completed construction of a new semi-works facility in Frankfurt, Germany for the manufacture of aerogels. Since then, we have been refining the unique and patented manufacturing process at the semi-works facility to improve production rates and quality yield to permit manufacturing at the facility s intended capacity. The manufacture of aerogels uses a new chemical process and achieving the expected capacity output at the semi-works facility has taken longer than we anticipated. Although we continue to make progress in our ability to operate the semi-works facility at higher capacity levels and over a more sustained period of time, there continues to be a risk that designed capacity output may not be achieved or that future full-scale manufacturing is not possible.

The headquarters for the Metal Oxides Business is located in Billerica, Massachusetts. We also have regional headquarters in Alpharetta, Georgia (North America), São Paulo, Brazil (South America), Leuven, Belgium (Europe), Kuala Lumpur, Malaysia (Asia Pacific) and Shanghai, China (China).

Supermetals Business

Products

We produce tantalum, niobium (columbium) and their alloys. Tantalum, which accounts for substantially all of this Business s sales, is produced in various forms. Electronics is the largest market for tantalum powder and wire, which are used to make capacitors for computers, networking devices, wireless phones, electronics for automobiles and other devices. Tantalum, niobium and their alloys are also produced in wrought form for other applications such as the production of superalloys and chemical process equipment and for various other industrial and aerospace applications.

In addition, we sell tantalum products for the manufacture of tantalum sputtering targets used in thin film applications, including semiconductors, inkjet heads, magnetics and flat panel displays. Supermetals has provided the starting metals (high-purity grade tantalum powders, plates and ingots) used to manufacture finished tantalum sputtering targets and has also manufactured finished tantalum sputtering targets. In the fourth quarter of fiscal 2005, we decided to stop manufacturing and selling finished tantalum sputtering targets for end users in the semiconductor industry and to focus our efforts on the sale of tantalum plate and ingot to sputtering target manufacturers. In January 2006 we sold the property, plant and equipment assets related to our direct finished tantalum sputtering target business to Tosoh SMD, a division of Tosoh Corporation.

Sales and Customers

Sales in the United States are made by Cabot employees, in Europe by Cabot employees and a sales representative, and in Japan and other parts of Asia primarily through Cabot employees.

Sales to four capacitor materials customers represent a material portion of the total net sales and operating revenues of the Supermetals Business. The loss of any one or more of these customers could have a material adverse effect on the Supermetals Business.

Many of our tantalum products are used in products for the electronics industry, which is cyclical in nature. During the last five years, a material portion of the sales of tantalum powder and wire by the Supermetals Business have been under fixed price and fixed volume contracts with four customers. These contracts were designed to provide our customers with a secure supply of tantalum powder and wire products and to mitigate volatility in our tantalum volumes caused by cycles in the electronics industry. In fiscal year 2006 these contracts accounted for approximately 29% of the volume of finished powder and wire sold by the Supermetals Business. The fixed-price and fixed-volume portions of these contracts are expiring and by the end of calendar 2006, sales will be substantially at market prices for variable volumes.

Competition

We currently have two principal competitors in our tantalum business, H.C. Starck and Ningxia Non-ferrous Metals (Group) Co., Ltd. We believe that we are the leading producer of electronic grade tantalum powder products, with competitors having greater production in some other product lines. Competition in this business is based on price, service, quality, product performance and technical innovation.

Raw Materials

We obtain the majority of our raw materials in the form of tantalum ore from the mine we own in Manitoba, Canada, from a mine in Australia owned by the Sons of Gwalia, and from the spot market. In February 2006, in connection with the settlement of an arbitration proceeding between Cabot and the Sons of Gwalia over the price at which the Sons of Gwalia would supply tantalum ore to us under our then current supply agreement, we entered into a new tantalum ore supply agreement that expires in December 2008. Since 1996, Cabot has relied on long-term supply contracts to secure the majority of its raw material requirements. We are currently evaluating long-term supply options to meet our raw materials needs beyond 2008. While we believe there is sufficient tantalum to meet global demand, our ability to contract for significant amounts of tantalum ore beyond 2008 is uncertain.

Operations

We operate manufacturing facilities for this business in Boyertown, Pennsylvania and Kawahigashi-machi, Fukushima-ken, Japan. The headquarters for the Supermetals Business is located in Boston, Massachusetts.

Specialty Fluids Business

Products

Our Specialty Fluids Business produces and markets cesium formate as a drilling and completion fluid for use primarily in high pressure and high temperature oil and gas well operations. Cesium formate products are solids-free, high-density fluids that have a low viscosity, permitting them to flow readily in oil and gas wells. The fluid is resistant to high temperatures, minimizes damage to producing reservoirs and is readily biodegradable. Cesium formate is blended and sold with other formates or products in a majority of applications. To date, cesium formate has been used successfully in over 120 oil and gas well completions and drill-in applications.

Sales and Customers

Sales of our cesium formate products are made by Cabot employees and sales representatives directly to oil and gas operating companies and through oil field service companies. We generally rent cesium

formate to our customers for use in drilling operations on a short-term basis. After completion of a job, the customer returns the fluid to Cabot, and it is reprocessed for use in subsequent well operations. Any of the fluid that is lost during use and not returned to Cabot is paid for by the customer. The rates to be charged to the customer for the daily rental of the product and for the product that is lost are negotiated and agreed to prior to the beginning of the job. Ordinarily, approximately 15% of the cesium formate used in an operation is lost.

In 2003, we entered into an agreement with a major energy service company to provide a supply of cesium formate-based fluids for both reservoir drilling and completion activities on two large gas and condensate field projects in the Norwegian Continental Shelf being developed and operated by Statoil. The loss of this customer would have a material adverse effect on the Specialty Fluids Business. We are currently negotiating an extension of this agreement through 2008.

Our fluids have been used principally for drilling and completion of wells in the North Sea. In the fourth quarter of fiscal 2006 our fluids were used in the drilling of one appraisal well in Argentina, allowing the customer to assess cesium formate s impact on formation damage.

Competition

Formate fluids, which were introduced to the market in the mid-1990s, are a relatively small but growing part of the fluids market and compete mainly with traditional drilling fluid technologies. Competition in the well fluids business is based on price, service, quality, product performance, technical innovation and proximity of inventory to customers drilling operations.

Raw Materials

The principal raw material used in this business is pollucite ore, which we obtain from our mine in Manitoba, Canada. We have an adequate supply of this cesium-rich pollucite ore, owning a substantial portion of the world s known pollucite reserves. Pollucite ore, however, is a finite resource. At current production rates and our currently estimated reserve levels, we expect our supply in the mine to last approximately 10-15 years. The process of estimating mineral reserves is inherently uncertain and requires making subjective engineering, geological, geophysical and economic assumptions. Accordingly, there is likely to be variability in the estimated reserve life of the ore body over time. Further, our estimate of known reserves does not include low grade ore that will require different, although well-established, recovery techniques than we currently use, or our existing inventory of finished product.

Most jobs for which cesium formate is used require a large volume of the product. Accordingly, the Specialty Fluids Business carries a large supply of fluid.

Operations

We have a mine and a cesium formate manufacturing facility in Manitoba, Canada. Cabot has fluid blending and reclamation facilities in Aberdeen, Scotland and in Bergen and Kristiansund, Norway. In addition, fluid is being warehoused at various locations around the world to support existing and potential new operations. The Specialty Fluids Business has its headquarters in Aberdeen, Scotland.

Patents and Trademarks

We own and are a licensee of various patents, which expire at different times, covering many of our products, as well as processes and product uses. Although the products made and sold under these patents and licenses are important to Cabot, the loss of any particular patent or license would not materially affect our business, taken as a whole. We sell our products under a variety of trademarks, the loss of any one of which would not materially affect our business, taken as a whole.

Backlog

Cabot s businesses are generally not seasonal in nature, although they typically experience some decline in European and North American sales in the fourth fiscal quarter due to summer plant shutdowns and in sales in Asia Pacific and China in the second fiscal quarter because of the New Year holidays in those regions. In general, no significant lead-time between order and delivery exists in any of our business segments and management does not use backlog information in managing our business. As a result, we do not consider that the dollar amount of backlog orders believed to be firm as of any particular date is material for an understanding of our business.

Employees

As of September 30, 2006, we had approximately 4,300 employees. Some of our employees in the United States and abroad are covered by collective bargaining or similar agreements, several of which are subject to renegotiation in the coming year. We believe that our relations with our employees are generally satisfactory.

Research and Development

Cabot develops new and improved products and higher efficiency processes through Company-sponsored research and technical service activities, including those initiated in response to customer requests. Our expenditures for such activities generally are spread among our businesses and are shown in the consolidated statements of operations.

Safety, Health and Environment

The Company has been named as a potentially responsible party under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (the Superfund law) and comparable state statutes with respect to several sites primarily associated with our divested businesses. (See Legal Proceedings below.) During the next several years, as remediation of various environmental sites is carried out, we expect to spend a significant portion of our $13 million environmental reserve for costs associated with such remediation. We anticipate that the expenditures at these sites will be made over a number of years. Adjustments are made to the reserve based on our continuing analysis of our share of costs likely to be incurred at each site. Inherent uncertainties exist in these estimates due to unknown conditions at the various sites, changing governmental regulations and legal standards regarding liability, and changing technologies for handling site investigation and remediation. While the reserve represents our best estimate of the costs we expect to incur, no assurance can be given that the actual costs to investigate and remediate these sites will not exceed the amounts accrued in the environmental reserve. While it is always possible that an unusual event may occur with respect to a given site and have a material adverse effect on the results of operations in a particular period, in light of the environmental reserve, we do not believe that the costs relating to these sites, in the aggregate, are likely to have a material adverse effect on our financial condition. It is possible that we may also incur future costs relating to sites that are not currently known to us or as to which it is currently not possible to make an estimate.

The Company s ongoing operations are subject to extensive federal, state, local, and foreign laws, regulations, rules, and ordinances relating to safety, health, and environmental matters (SH&E Requirements). We have expended considerable sums to construct, maintain, operate, and improve facilities for safety, health and environmental protection and to comply with SH&E Requirements. We spent approximately $14 million in environmentally related capital expenditures at existing facilities in fiscal year 2006 and anticipate spending approximately $16 million for such costs in fiscal year 2007.

In recognition of the importance of SH&E Requirements to the Company, in February 1990, our Board of Directors established a Safety, Health, and Environmental Affairs Committee. The Committee, which is comprised of seven non-employee directors, generally meets three times a year and provides oversight and guidance in respect of the Company s safety, health and environmental management programs and performance. In particular, the Committee reviews the Company s environmental reserve, risk assessment and management processes, environmental and safety audit reports, performance metrics, performance as benchmarked against industry peer groups, assessed fines or penalties, site security and safety issues, health and environmental training initiatives, and SH&E budget and capital expenditures, and consults with the Company s outside and internal advisors regarding management of the Company s safety, health and environmental programs.

In 1996, the International Agency for Research on Cancer (IARC) revised its evaluation of carbon black from Group 3 (insufficient evidence to make a determination regarding carcinogenicity) to Group 2B (known animal carcinogen, possible human carcinogen). We have communicated IARC s classification of carbon black to our customers and employees and have included that information in our material safety data sheets and elsewhere, as appropriate. IARC reviewed its classification of carbon black regarding carcinogenicity in February 2006 and decided to maintain the classification of carbon black as a Group 2B substance. We continue to believe that the available evidence, taken as a whole, indicates that carbon black is not carcinogenic to humans, and does not present a health hazard when handled in accordance with good housekeeping and safe workplace practices as described in our material safety data sheets.

In October 1999, the California Office of Environmental Health Hazard Assessment (OEHHA) published a Notice of Intent to add carbon black (airborne particles of respirable size) to its list of chemicals known to the State to cause cancer promulgated pursuant to the California Safe Drinking Water and Toxic Enforcement Act, commonly referred to as Proposition 65. OEHHA stated it was taking this action in light of IARC s 1996 reclassification of carbon black. Proposition 65 requires businesses to give warnings to individuals before they knowingly or intentionally expose them to chemicals subject to its requirements, and it prohibits businesses from knowingly discharging or releasing the chemicals into water or onto land where they could contaminate drinking water. In February 2003, OEHHA published a notice adding carbon black (airborne, unbound particles of respirable size) to the Proposition 65 list. We worked with the International Carbon Black Association (ICBA), as well as various customers and carbon black user groups, to ensure compliance with the requirements associated with the Proposition 65 listing of carbon black, which became effective in February 2004.

In April 2002, The Netherlands published the Dutch Notes on BAT for the Carbon Black Industry to support the identification of Best Available Techniques (BAT) for the European carbon black industry pursuant to European Union (EU) Directive 96/61/EEC. BAT Reference Documents, so-called BREF Notes, are being prepared by various EU member countries under the supervision of the Integrated Pollution Prevention and Control Bureau (the IPPC Bureau). The currently proposed IPPC Bureau draft BAT guidance for large volume inorganic chemicals for the carbon black industry calls for an annual average sulfur content in carbon black feedstock in the range of 0.5% to 1.5% to control sulfur dioxide emissions. Depending on the final guidance adopted, this could have significant financial effects on the carbon black industry, including the Company, and could cause the Company to experience difficulty obtaining low sulfur feedstock at an acceptable cost for its European operations. We are not able to predict whether this regulatory development in the EU will affect our earnings in a materially adverse manner.

Since October 2003, the European Commission (EC) has been developing a new EU regulatory framework for chemicals. The proposed new system called REACH (Registration, Evaluation and Authorization of Chemicals) would apply to all existing and new chemical substances produced or imported into the EU in quantities greater than one ton a year. Manufacturers or importers of these chemical substances would be obligated to register the substance with a central agency by submitting

specified health, safety, risk and use information about the substance. On November 17, 2005, REACH was adopted by the European Parliament in the first reading of the draft legislation. On June 22, 2006, a common position was adopted by the EU Council with a view to passage of an amended REACH legislation. The common position was approved by the European Parliament in December 2006. REACH is expected to be effective in June 2007. As we are committed to continuing to supply our EU customers, we continue to implement plans to respond to the upcoming requirements of REACH.

The EC has been working with the European tire industry on a proposal to restrict the marketing and use of certain polycyclic aromatic hydrocarbons (PAHs) in extender oils and tires. This proposal to amend European Union Directive 76/769/EC would prohibit the use of extender oils containing high levels of eight PAHs classified as carcinogenic according to the EC in tires beginning January 1, 2009. The proposal s objective is to reduce the emission of tire debris that contains carcinogens into the environment to an acceptable level. The EC is now considering whether to extend this proposal to all potential sources of PAHs in tires. In non-adsorbed forms, some PAHs have been found to be carcinogens in animal studies. PAHs adsorbed to carbon blacks, however, have been shown by scientific studies dating back to the mid-1980 s to be tightly bound to the carbon black particle surface.

On May 15, 2002, the United States Environmental Protection Agency (EPA) signed the final rule amending the Generic Maximum Achievable Control Technology (MACT) standards to add National Emissions Standards for Hazardous Air Pollutants (NESHAP) for the carbon black production source category (Carbon Black MACT) as required under Title III of the Clean Air Act Amendments of 1990. This new rule was published in the Federal Register on July 12, 2002 and became effective for carbon black plants located in the United States on July 12, 2005. EPA has identified hazardous air pollutants (HAPs) associated with the production of carbon black. The Carbon Black MACT requires 98% elimination of HAPs emissions from process vents on facility main unit filters. This is generally accomplished by combusting the tail gas vented from these filters. We were granted a one-year extension by the West Virginia Department of Environmental Protection s Division of Air Quality (DAQ) to comply with the new Carbon Black MACT at our Ohio River facility in Waverly, West Virginia. The December 2004 Consent Order between the Company and DAQ provided that the Ohio River facility would install the necessary controls to comply with the Carbon Black MACT by July 12, 2006 and Cabot satisfactorily complied with that extension.

We are experiencing increased interest by environmental regulatory agencies worldwide in the air emissions associated with our manufacturing operations, particularly our carbon black plants. This increased scrutiny by regulatory bodies indicates a trend toward more restrictive air emission limits globally. In addition, global interest in the reduction of greenhouse gas emissions will likely have some impact on the carbon black industry. In December 2005, the EC published a new directive that includes carbon black manufacturing in the combustion sector and includes carbon black manufacturing in Phase II of the Emission Trading Scheme for the period 2008 to 2012. Various member states have included carbon black facilities in their draft national allocation plans, including the U.K. and the Netherlands. At the present time, we are in negotiations with the various member states to achieve adequate allocations.

Since the terrorist attacks in the U.S. on September 11, 2001, various U.S. agencies and international bodies have adopted new requirements that impose increased security requirements on certain manufacturing and industrial facilities and locations. These security-related requirements involve the preparation of security assessments and security plans in some cases, and in other cases the registration of certain facilities with specified governmental authorities. We are closely monitoring all security related regulatory developments and believe we are in compliance with all existing requirements. Compliance with such requirements is not expected to have a material adverse effect on our operations.

Financial Information About Segments, Foreign and Domestic Operations and Export Sales

Segment financial data are set forth in Management s Discussion and Analysis of Financial Condition and Results of Operations in Item 7, and in Note U of the Notes to the Company s Consolidated Financial Statements, which appears in Item 8 of this annual report on Form 10-K for the fiscal year ended September 30, 2006. A significant portion of our revenues and operating profits is derived from overseas operations. The profitability of our segments is affected by fluctuations in the value of the U.S. dollar relative to foreign currencies. (See the Geographic Information portion of Note U for further information relating to sales and long-lived assets by geographic area and Management s Discussion and Analysis of Financial Condition and Results of Operations.) Currency fluctuations and nationalization and expropriation of assets are risks inherent in international operations. We have taken steps we deem prudent in our international operations to diversify and otherwise to protect against these risks, including the use of foreign currency financial instruments to reduce the risk associated with changes in the value of certain foreign currencies compared to the U.S. dollar. (See the Risk Management discussion contained in Quantitative and Qualitative Disclosures About Market Risk in Item 7A below, and Note T of the Notes to the Company s Consolidated Financial Statements, which appears in Item 8).

Item 1A. *Risk Factors*

In addition to factors described elsewhere in this report, the following are important factors that could cause our actual results to differ materially from those expressed in our forward-looking statements. It is not possible, however, to predict or identify all such factors. Accordingly, investors should not consider the following to be a complete discussion of all potential risks or uncertainties.

Changes in supply-demand balance at our plants and the industries in which we operate may adversely affect our financial results.

Our key customers in mature carbon black markets such as North America and Western Europe continue to shift their manufacturing capacity from those regions to developing regions such as Asia, South America and Eastern Europe. Although we are responding to meet these market demand conditions, we cannot be certain that we will be successful in expanding capacity in developing regions (which depends in part on economic and political conditions in these regions and, in some cases, on our ability to acquire or form strategic business alliances) or in reducing capacity in mature regions commensurate with industry demand. Similarly, demand for our customers products and our competitors reactions to market conditions could affect our results.

In addition, our rubber blacks, performance products and fumed metal oxides product lines are sensitive to changes in industry capacity utilization. As a result, pricing tends to decrease when capacity utilization in these product lines decreases, which could affect our financial performance.

We depend on a group of key customers for a significant portion of our sales. A significant adverse change in a customer relationship or in a customer s performance or financial position could harm our business and financial condition.

Our success in strengthening relationships and growing business with our largest customers and retaining their business over extended time periods could affect our future results. Three major tire customers, one silicones customer, four capacitor materials customers and one microelectronics customer represent a material portion of our total net sales and operating revenues. In fiscal year 2006, sales to The Goodyear Tire and Rubber Company by our rubber blacks product line accounted for approximately 14% of our consolidated revenues. The loss of any one or more of our important customers, or a reduction in volumes sold to them because of a work stoppage or other disruption, could materially adversely affect our results of operations until such business is replaced or the disruption ends. Any deterioration of the

financial condition of any of our customers that impairs their ability to make payments to us also could affect our future results and financial condition.

In addition, a material portion of our sales are made to customers under long-term and annual contracts. The loss or expiration of any of these customer contracts could increase the volatility of our business results.

Increases in the price of raw materials or their reduced availability could increase our cost of goods and decrease our profitability.

The cost, availability and quality of raw materials affect our results. Dramatic increases in such costs or decreases in the availability of raw materials at acceptable costs could have an adverse effect on our results of operations. For example, if proposed environmental regulations applicable to the European carbon black industry that call for a reduction in the annual average sulfur content in carbon black feedstock are adopted, we may experience some difficulty obtaining low sulfur feedstock at an acceptable cost for our European operations. Moreover, although our long-term and some of our annual carbon black supply contracts provide for a price adjustment to account for changes in feedstock costs, there is a lag between the time when feedstock costs are incurred by us and the time when prices are adjusted under the contracts. Accordingly, we may not be able to pass increased costs along to our customers during the quarter in which they occur, which can have a significant negative impact in a given quarter. For non-contract sales, we may not be able to increase prices at all or in an amount sufficient to compensate for higher feedstock costs. In addition, it is possible that a supply contract with a price adjustment mechanism could expire by its terms before we are able to recapture fully our raw material cost increases.

Fluctuations in foreign currency exchange and interest rates could affect our financial results.

We earn revenues, pay expenses, own assets and incur liabilities in countries using currencies other than the U.S. dollar. In 2006, we used 15 functional currencies in addition to the U.S. dollar and derived a substantial amount of our revenues in 2006 from sales outside the United States. Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues, income and expenses as well as assets and liabilities into U.S. dollars at exchange rates in effect during or at the end of each reporting period. Therefore, increases or decreases in the value of the U.S. dollar against other major currencies will affect our net revenues, operating income and the value of balance sheet items denominated in foreign currencies. Because of the geographic diversity of our operations, weaknesses in some currencies might be offset by strengths in others over time. In addition, we are exposed to adverse changes in interest rates. We manage these risks through normal operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments as well as foreign currency debt. We cannot be certain, however, that our financial risk management program will be successful in reducing the risks inherent in exposures to foreign currency and interest rate fluctuations.

We are exposed to political or country risk inherent in doing business in some countries.

These risks may include nationalization and expropriation of assets or other actions of governments, importing and exporting issues, contract loss and asset abandonment.

Plant capacity expansions may be delayed and not achieve the expected benefits.

Our ability to complete capacity expansions as planned may be delayed or interrupted by the need to obtain environmental and other regulatory approvals, availability of labor and materials, unforeseen hazards such as weather conditions, and other risks customarily associated with construction projects. Moreover, capacity expansion in our rubber blacks, performance products, fumed metal oxides and inkjet

colorants product lines could have a negative impact on the product line s business performance until capacity utilization is sufficient to absorb the incremental costs associated with the expansion.

Our efforts to maintain or increase our margins may not be successful.

We have undertaken and will continue to undertake cost reduction initiatives and organizational restructurings to improve operating efficiencies and generate cost savings. We cannot be certain that we will be able to complete these initiatives as planned or that the estimated operating efficiencies or cost savings from such activities will be realized.

In addition to cost reduction initiatives, we try to maintain or improve margins on our non-contracted sales through price increases. However, such increases may not be accepted by our customers, may not be sufficient to compensate for increased raw material and energy costs, or may decrease demand for our products and our volume of sales.

We spend a significant amount of money developing new businesses.

Our strategic focus includes optimizing our core businesses and investing the cash and intellectual resources they generate in developing new businesses. We cannot be certain that the costs we incur investing in these new businesses will result in a proportional increase in revenues or profits. In addition, the timely commercialization of products that we are developing may be disrupted or delayed by manufacturing or other technical difficulties, market acceptance or insufficient market size to support a new product, competitors new products, and difficulties in moving from the experimental stage to the production stage. These delays could affect our future results.

Any failure to realize benefits from joint ventures, acquisitions or alliances could adversely affect future financial results.

As part of our strategies for growth and improved profitability, we have made and may continue to make acquisitions and investments and enter into joint ventures. The success of acquisitions of new technologies, companies and products, or arrangements with third parties is not predictable and we may not be successful in realizing our objectives as anticipated.

We may be required to impair or write-off certain assets if our assumptions about future sales and profitability prove incorrect.

In our analysis of the recoverability of certain assets, namely inventory, property, plant and equipment, intangible assets and deferred tax assets, we have made assumptions about future sales (pricing, volume and region of sale), costs, cash generation and the ultimate profitability of the business and/or tax jurisdiction. These assumptions were based on management s best estimates and if the actual results differ significantly from these assumptions, we may not be able to realize the value of the assets recorded as of September 30, 2006, which could lead to an impairment or write-off of certain of these assets in the future.

Our operations involve the handling of hazardous materials, and we are subject to extensive safety, health and environmental requirements, which could increase our costs and/or reduce our revenues.

Our ongoing operations are subject to extensive federal, state, local and foreign laws, regulations, rules and ordinances relating to safety, health and environmental matters (SH&E Requirements), many of which provide for substantial monetary fines and criminal sanctions for violations. In addition, the operation of a chemical manufacturing business as well as the sale and distribution of chemical products involve safety, health and environmental risks. For example, the production and/or processing of carbon black, fumed metal oxides, tantalum, niobium, aerogels and other chemicals involve the handling,

transportation, manufacture or use of certain substances or components that may be considered toxic or hazardous within the meaning of applicable SH&E Requirements. The transportation of chemical products and other activities associated with the manufacturing process have the potential to cause environmental or other damage as well as injury or death to employees or third parties.

We could incur significant expenditures in connection with such operational risks. We believe that our ongoing operations comply with current SH&E Requirements in a manner that should not materially affect our earnings or cash flow in an adverse manner. We can not be certain, however, that significant costs or liabilities will not be incurred with respect to SH&E Requirements and our operations. Moreover, we are not able to predict whether future changes or developments in SH&E Requirements will affect our earnings or cash flow in a materially adverse manner.

Litigation or legal proceedings could expose us to significant liabilities and thus negatively affect our financial results.

As more fully described in Item 3 Legal Proceedings, we are a party to or the subject of lawsuits, claims, and proceedings, including those involving contract, environmental, antitrust, and health and safety matters as well as product liability and personal injury claims relating to asbestosis, silicosis and berylliosis, and exposure to various chemicals. Adverse rulings, judgments or settlements in pending or future litigation (including carbon black antitrust claims and liabilities associated with respirator claims) could cause our results to differ materially from those expressed or forecasted in any forward-looking statements.

The continued protection of our patents and other proprietary intellectual property rights are important to our success.

Our patent and other intellectual property rights are important to our success and competitive position. We own various patents and other intellectual property rights in the United States and other countries covering many of our products, as well as processes and product uses. In addition, we are a licensee of various patents and intellectual property rights belonging to others in the United States and other countries. Because the laws and enforcement mechanisms of some countries may not allow us to protect our proprietary rights to the same extent as we are able to in the United States, the strength of our intellectual property rights will vary from country to country.

Irrespective of our proprietary intellectual property rights, we may be subject to claims that our products, processes or product uses infringe the intellectual property rights of others. These claims, even if they are without merit, could be expensive and time consuming to defend and if we were to lose such claims, we could be subject to injunctions and/or damages, or be required to enter into licensing agreements requiring royalty payments and/or use restrictions. Licensing agreements may not be available to Cabot, and if available, may not be available on acceptable terms.

Changes in our effective tax rate may have an adverse effect on our results of operations.

Our future effective tax rates may be adversely affected by a number of factors including the jurisdictions in which profits are determined to be earned and taxed; the repatriation of non-U.S. earnings for which we have not previously provided for U.S. taxes; adjustments to estimated taxes upon finalization of various tax returns; increases in expenses not deductible for tax purposes, including write-offs of acquired in-process research and development and impairment of goodwill in connection with acquisitions; changes in available tax credits; changes in share-based compensation expense; changes in the estimated realization of our deferred tax assets and liabilities; changes in tax laws or the interpretation of such tax laws; and the resolution of issues arising from tax audits with various tax authorities. Any significant increase in our future effective tax rates could adversely affect net income for future periods.

Natural disasters could affect our operations and financial results.

We operate facilities in areas of the world that are exposed to natural hazards, such as hurricanes and earthquakes. Such events could disrupt our supply of raw materials or otherwise affect production, transportation and delivery of our products or affect demand for our products.

Our business is subject to other general business risks.

In addition to the factors described above, the following other factors, among others, could affect our future performance and cause our actual results to differ materially from those expressed or implied by any forward-looking statements: changes in the rate of economic growth in the United States and other international economies; changes in trade, monetary and fiscal policies throughout the world; stock market conditions; acts of war and terrorist activities; and the impact of global health, safety and environmental concerns on economic conditions and market opportunities.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

Cabot s corporate headquarters are in leased office space in Boston, Massachusetts. We also own or lease office, manufacturing, storage, distribution, marketing and research and development facilities in the United States and in foreign countries. As of December 6, 2006, the locations of our principal manufacturing and/or administrative facilities are set forth in the table below. Unless otherwise indicated, all the properties are owned.

	Segment Using Facility			
Location by Cabot Business Region	**Carbon Black**	**Metal Oxides**	**Supermetals**	**Specialty Fluids**
North America				
Alpharetta, GA*(1)	X	X	X	
Tuscola, IL		X		
Centerville, LA	X			
Ville Platte, LA	X			
Billerica, MA	X	X	X	
Haverhill, MA	X			
Midland, MI		X		
Albuquerque, NM*	X			
Boyertown, PA			X	
Pampa, TX	X			
The Woodlands, TX*				X
Waverly, WV	X			
Lac du Bonnet, Manitoba**			X	X
Sarnia, Ontario	X			
Europe				
Loncin, Belgium	X			
Leuven, Belgium*(1)	X	X		