

CABOT CORP
Form 424B2
July 09, 2012
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Registration No. 333-162021

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell these securities, and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated July 9, 2012

Preliminary Prospectus Supplement

(To Prospectus dated September 21, 2009)

Cabot Corporation

\$ **% Notes due 2018**

\$ **% Notes due 2022**

We are offering \$ principal amount of % notes due 2018 (the 2018 Notes) and \$ principal amount of % notes due 2022 (the 2022 Notes) and, together with the 2018 Notes, the notes).

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

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

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

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

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

	Price to public(1)	Underwriting discounts and commissions	Proceeds, before expenses, to us
Per 2018 Note	%	%	%
Total	\$	\$	\$
Per 2022 Note	%	%	%
Total	\$	\$	\$

(1) Plus accrued interest, if any, from _____, 2012, if settlement occurs after that date.
 The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

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

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

Joint book-running managers

J.P. Morgan
 _____, 2012

Citigroup

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

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About this prospectus supplement

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

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

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

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Cautionary note regarding forward-looking statements

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

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

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

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

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Prospectus supplement summary

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

The Company

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

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

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

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

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

Proposed Norit acquisition

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

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

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

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

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

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

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

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

the removal of mercury from flue gas in North American coal-fired utilities;

the removal of disinfection byproducts from drinking water in the United States;

the removal of mercury from cement kiln and industrial boiler emissions in the United States;

the removal of contaminants from groundwater and surface water in the European Union; and

evaporative emissions controls in vehicles and other combustion engines.

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

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

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

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

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

Optional redemption

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

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

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proceeds from this offering to finance a portion of the Norit acquisition. See Use of proceeds.

No prior market

The notes are new issues of securities with no established trading market. We do not intend to apply for listing of the notes on any securities exchange. The underwriters have advised us that they intend to make a market in each series of the notes, but they are not obligated to do so and may discontinue market-making at any time without notice.

Risk factors

See Risk factors and other information included or incorporated by reference in this prospectus supplement and the accompanying base prospectus for a discussion of factors you should consider carefully before investing in the notes.

Certain tax consequences

You should consult your tax advisor with respect to the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of the notes. See Certain United States federal income tax consequences.

Trustee

U.S. Bank National Association

Governing law

The notes and the indenture governing the notes will be governed by, and construed in accordance with, the laws of the State of New York.

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Summary historical and pro forma combined financial and other data

Summary Cabot Corporation historical financial information

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

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

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

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

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

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

(dollars in millions)	At March 31, 2012
Unaudited Pro Forma Combined Balance Sheet Data	
Total assets	\$ 4,628
Total debt	1,606
Total stockholders' equity	1,903
Total debt plus stockholders' equity	3,509

Select Ratio	
Total debt / Total debt plus stockholders' equity	45.8%

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

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

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

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

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Risk factors

You should carefully consider the risks described below and in the documents incorporated by reference into this prospectus supplement and the accompanying base prospectus before making a decision to invest in the notes. Some of these factors relate principally to our business and the industry in which we operate