

Moderator: Al Briand, Managing Director, Treasury Services, The Bank of New York Mellon

Panelists:

- Irene Sudac, VP/Treasurer, Cabot Corp.
- Craig Calle, VP/Treasurer, Gateway, Inc.
- Edward Banas, Treasurer, PayPal Inc an eBay Company

Working Capital Management

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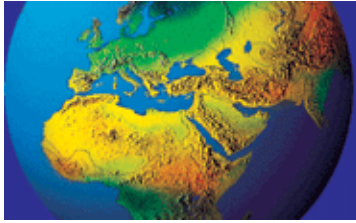


Reducing **Working Capital**

Irene Sudac

Vice President and Treasurer
Cabot Corporation

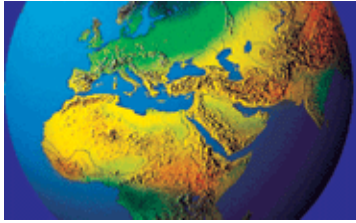




Problem Summary

- Reduce working capital in our Carbon Black business in FY06
- Develop plan to keep working capital in check beyond the completion of this initiative

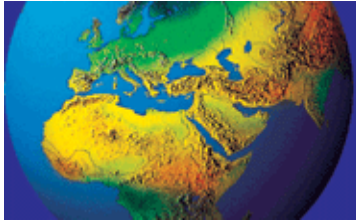




Challenges

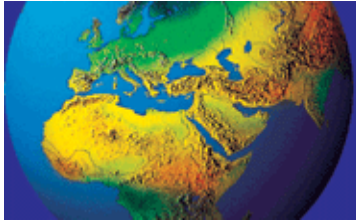
- Global **and** regional business environments
- Rising costs of raw materials
- Rapid build-up of working capital
- Focus on short-term results
- Tried this before and it wasn't sustained





Solution

- Develop multi-level team
- Try new approaches
- Set clear goals
- Establish accountability
- Develop concrete metrics
- Share best practices
- Set monthly update meetings



Benefits

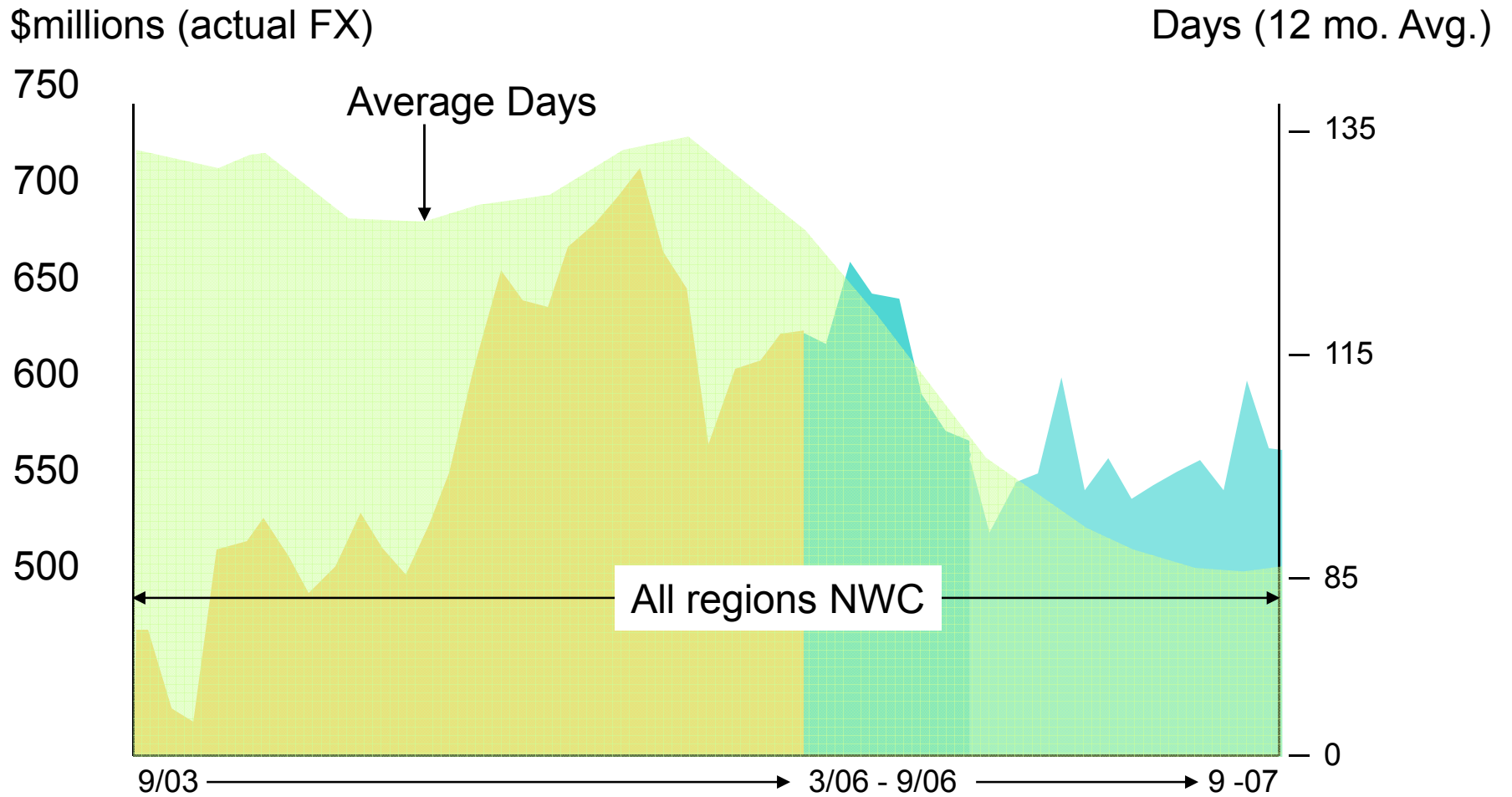
- Improved raw material purchasing
- Reduced inventory
- Increased productivity
- Improved process control
- Positive team mindset
- Rise in Cabot stock value

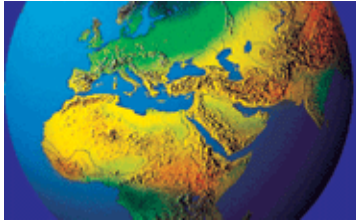




Results

Cabot Net Working Capital - All Regions





Results

- Working capital days reduced from 80 to 58 days
- Raw materials value decreased 36%
- Finished product inventory decline by 17%
- Generation of cash flow in excess of \$60 million
- Sustainability achieved!

