

CABOT MICROELECTRONICS CORP
Form DEF 14A
January 20, 2012
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES

EXCHANGE ACT OF 1934

Filed by Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- | | | | |
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| <input type="checkbox"/> | Preliminary Proxy Statement | <input type="checkbox"/> | Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)). |
| <input checked="" type="checkbox"/> | Definitive Proxy Statement | | |
| <input type="checkbox"/> | Definitive Additional Materials | | |
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CABOT MICROELECTRONICS CORPORATION

(Exact name of Registrant as Specified in Its Charter)

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(1) Title of each class of securities to which transaction applies:

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(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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CABOT MICROELECTRONICS CORPORATION

870 North Commons Drive

Aurora, Illinois 60504

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held March 6, 2012

To our Stockholders:

We are notifying you that the Annual Meeting of Stockholders of Cabot Microelectronics Corporation will be held on Tuesday, March 6, 2012 at 8:00 a.m. local time at Cabot Microelectronics Corporation, 870 North Commons Drive, Aurora, Illinois 60504 for the following purposes:

1. To elect three directors, each for a term of three years;
2. To hold a non-binding stockholder advisory vote on our named executive officer compensation;
3. To approve our 2012 Omnibus Incentive Plan;
4. To ratify the selection of PricewaterhouseCoopers LLP, an independent registered public accounting firm, as our independent auditors for fiscal year 2012; and
5. To transact other business properly coming before the meeting.

Each of these matters is described in further detail in the accompanying proxy statement. We also have included a copy of our 2011 Annual Report. Only stockholders of record at the close of business on January 13, 2012 are entitled to vote at the meeting or any postponements or adjournments of the meeting. A complete list of these stockholders will be available at our principal executive offices prior to the meeting.

We are again delivering our proxy statement and 2011 Annual Report under the United States Securities and Exchange Commission rules that allow companies to furnish proxy materials to their stockholders over the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials to our stockholders, which is designed to reduce our printing and mailing costs and the environmental impact of the proxy materials. A paper copy of our proxy materials may be requested through one of the methods described in the Notice of Internet Availability of Proxy Materials.

Please use this opportunity to take part in our affairs by voting your shares. You are cordially invited to attend the meeting in person. If you wish to attend the meeting in person, please bring a valid form of photo identification to the meeting. If your stock is not registered in your own name and you plan to attend the meeting and vote in person, you should contact your broker or agent in whose name your stock is registered to obtain a broker's proxy and bring it to the meeting in order to vote at the meeting.

Whether or not you plan to attend the meeting, your vote is important. Please promptly submit your proxy by telephone, Internet or mail by following the instructions found on your Notice of Internet Availability of Proxy Materials or proxy card. Your proxy can be withdrawn by you at any time before it is voted.

By order of the Board of Directors,

William P. Noglows

Chairman of the Board

Aurora, Illinois

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January 20, 2012, and is first being made available to stockholders electronically via the Internet

on or about January 20, 2012.

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CABOT MICROELECTRONICS CORPORATION

870 North Commons Drive

Aurora, Illinois 60504

PROXY STATEMENT

The Board of Directors of Cabot Microelectronics Corporation is asking for your proxy for use at the annual meeting of our stockholders to be held on Tuesday, March 6, 2012 at 8:00 a.m. local time, at Cabot Microelectronics Corporation, 870 North Commons Drive, Aurora, Illinois 60504 and at any postponements or adjournments of the meeting.

Pursuant to the rules and regulations adopted by the United States Securities and Exchange Commission (SEC), we have again elected to provide our stockholders with access to our proxy materials over the Internet rather than in paper form. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials, rather than a printed copy of the proxy materials, to our stockholders of record as of January 13, 2012. We expect to mail the Notice of Internet Availability of Proxy Materials to stockholders entitled to vote at our annual meeting on or about January 20, 2012.

ABOUT THE MEETING

What is the purpose of the annual meeting?

At our annual meeting, stockholders will act upon the matters outlined in the accompanying notice of meeting, including the election of three directors, the non-binding stockholder advisory vote on our named executive officer compensation, the approval of the Cabot Microelectronics 2012 Omnibus Incentive Plan (the 2012 Omnibus Incentive Plan) and the ratification of the selection of our independent auditors. In addition, our management will report generally on the fiscal year ended September 30, 2011 and respond to questions from stockholders.

Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the proxy materials?

In accordance with rules and regulations adopted by the SEC, instead of mailing a printed copy of our proxy materials to all stockholders entitled to vote at our annual meeting, we are again furnishing the proxy materials and our 2011 annual report to our stockholders electronically via the Internet. On or about January 20, 2012, we will mail to our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access and review our proxy materials and our 2011 annual report. You will not receive a printed copy of the proxy materials. Instead, the Notice of Internet Availability will instruct you as to how you may access and review the proxy materials and submit your proxy via the Internet. If you would like to receive a printed copy of the proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials for requesting printed materials.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held March 6, 2012:

The proxy statement and annual report to stockholders are available at www.cabotcmp.com and www.proxyvote.com.

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What are our voting recommendations?

Our board of directors recommends that you vote your shares FOR the election of each of the nominees named below under ELECTION OF DIRECTORS , FOR non-binding advisory approval of our named executive officer compensation, FOR the approval of our 2012 Omnibus Incentive Plan and FOR the ratification of the selection of our independent auditors.

Who is entitled to vote?

Only stockholders of record at the close of business on the record date, January 13, 2012, are entitled to receive notice of the annual meeting and to vote the shares of common stock that they held on that date at the meeting, or any postponements or adjournments of the meeting. Each outstanding share of common stock entitles its holder to cast one vote, without cumulation, on each matter to be voted on.

What is the difference between holding shares as a record holder and as a beneficial owner?

Record Holder. You are a record holder of our common stock if at the close of business on the record date your shares were registered directly in your name with Computershare Trust Company, N.A., P.O. Box 43078, Providence, Rhode Island 02940-3078, our stock transfer agent.

Beneficial Owner. You are a beneficial owner if at the close of business on the record date your shares were held by a broker, bank, custodian, nominee or other record holder of our common stock and not in your name. Being a beneficial owner means that, like most of our stockholders, your shares are held in street name. As the beneficial owner, you have the right to direct your broker or nominee how to vote your shares by following the voting instructions your broker or other nominee provides. If you do not provide your broker or nominee with instructions on how to vote your shares, your broker or nominee will be able to vote your shares with respect to some of the proposals, but not all. Please see What if I did not specify how my shares are to be voted? for additional information.

What constitutes a quorum?

If a majority of the shares outstanding on the record date are present at the annual meeting, either in person or by proxy, we will have a quorum at the meeting permitting the conduct of business at the meeting. As of the record date, we had approximately 22,781,691 shares of common stock outstanding and entitled to vote. Any shares represented by proxies that are marked to abstain from voting on a proposal will be counted as present for purposes of determining whether we have a quorum. If a broker, bank, custodian, nominee or other record holder of our common stock indicates on a proxy that it does not have discretionary authority to vote certain shares on a particular matter, the shares held by that record holder (referred to as broker non-votes) will also be counted as present in determining whether we have a quorum.

How do I vote, and can I vote by telephone or through the Internet?

You may vote in person at the annual meeting or you may vote by proxy. If your stock is registered in your own name, you may vote in person by attending the meeting, presenting a valid form of photo identification and delivering your completed proxy card in person. If your stock is not registered in your own name and you plan to attend the meeting and vote in person, you should contact your broker or agent in whose name your stock is registered to obtain a broker's proxy and bring it to the meeting along with a valid form of photo identification. You may vote by proxy by signing, dating and mailing a proxy card. In addition, you may vote by telephone or through the Internet by following the instructions below or those included in the Notice of Internet Availability of Proxy Materials.

To vote by telephone, if you are a record holder of our common stock, call toll free 1-800-690-6903 and follow the instructions provided by the recorded message. To vote by telephone if you are a beneficial owner of

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our common stock, call the toll free number listed in the Proxy Card or follow the instructions provided by your broker. For all holders of our common stock (whether record or beneficial), to vote through the Internet, go to www.proxyvote.com and follow the steps on the secured website. You also may access the proxyvote website (www.proxyvote.com) or view our proxy materials by going to our website, www.cabotcmp.com, selecting Investor Relations on our Homepage, and then selecting Annual Meeting/Proxy from the drop down menu.

If you vote by proxy, the individuals named on the proxy card as proxy holders will vote your shares in the manner you indicate.

What if I do not specify how my shares are to be voted?

Record Holder. If you are a record holder of our common stock and you sign and return the proxy card without indicating your instructions, your shares will be voted FOR :

the election of the three nominees for director named below under ELECTION OF DIRECTORS;

the non-binding advisory approval of our named executive officer compensation;

the approval of our 2012 Omnibus Incentive Plan; and

the ratification of the selection of our independent auditors.

Beneficial Owners. If you are a beneficial owner and you do not provide the broker, bank, custodian, nominee or other record holder that holds your shares with voting instructions, such person will determine if it has the discretionary authority to vote on the particular matter. Under applicable rules, such person has the discretion to vote on routine matters such as the ratification of our independent auditors, but does not have discretion to vote on non-routine matters such as the election of directors, the non-binding stockholder advisory vote on our named executive officer compensation and the approval of our 2012 Omnibus Incentive Plan.

Can I revoke my proxy or change my vote after I return my proxy card or after I vote electronically or by telephone?

Yes. Even after you have submitted your proxy, you may revoke your proxy or change your vote at any time before the proxy is voted at the annual meeting by delivering to our Secretary a written notice of revocation or a properly signed proxy bearing a later date, or by attending the annual meeting and voting in person. (Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request.) To revoke a proxy previously submitted electronically through the Internet or by telephone, you may simply vote again at a later date, using the same procedures, in which case the later submitted vote will be recorded and the earlier vote revoked.

What vote is required to approve each matter that comes before the meeting?

Our bylaws provide that director nominees must receive the affirmative vote of a plurality of the votes cast at the meeting by stockholders entitled to vote thereon, meaning that the three nominees for director with the most votes will be elected. However, our Corporate Governance Guidelines, which are available through our website, www.cabotcmp.com, provide that in an uncontested election, any nominee for director who receives a greater number of votes withheld from his or her election than votes for such election (a Majority Withheld Vote) shall promptly tender his or her resignation following certification of the stockholder vote for such election. In this situation, our nominating and corporate governance committee then shall consider the resignation offer and recommend to our board of directors whether to accept it. The board of directors then will act on the nominating and corporate governance committee's recommendation within ninety (90) days following certification of the stockholder vote for such election. Thereafter, the board of directors will promptly disclose its decision whether to accept the director's resignation offer (and the reasons for rejecting the resignation offer, if applicable), in a press release to be disseminated in the manner that we typically distribute press releases.

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The non-binding stockholder advisory vote to approve our named executive officer compensation requires the affirmative vote of a majority of the votes cast at the meeting in person or by proxy by stockholders entitled to vote thereon. If the named executive officer compensation is not approved, then our compensation committee and our board of directors will meet following the annual meeting to consider the results of such non-binding stockholder advisory vote.

The approval of our 2012 Omnibus Incentive Plan requires the affirmative vote of a majority of the votes cast at the meeting in person or by proxy by stockholders entitled to vote thereon. If our 2012 Omnibus Incentive Plan is not approved, then the company will continue to grant awards under our Second Amended and Restated Cabot Microelectronics Corporation 2000 Equity Incentive Plan, As Amended and Restated September 23, 2008 (the 2000 Equity Incentive Plan).

The ratification of the selection of our independent auditors requires the affirmative vote of a majority of the votes cast at the meeting in person or by proxy by stockholders entitled to vote thereon. If our independent auditors are not ratified, then our audit committee and our board of directors will meet following the annual meeting to the consider the results of such non-binding ratification vote.

Abstentions and broker non-votes will not be counted for purposes of determining whether an item has received the requisite number of votes for approval.

What happens if additional proposals are presented at the meeting?

Other than the matters described in this proxy statement, we do not expect any additional matters to be presented for a vote at the annual meeting. If you vote by proxy, your proxy grants the persons named as proxy holders the discretion to vote your shares on any additional matters properly presented for a vote at the meeting.

Who will bear the costs of soliciting votes for the meeting?

Certain directors, officers and employees, who will not receive any additional compensation for such activities, may solicit proxies by personal interview, mail, telephone or electronic communication. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to our stockholders. In addition to the mailing of these proxy materials, we have hired the firm of D.F. King & Co., Inc. to assist in the solicitation of proxies at an estimated cost of approximately \$7,500. We shall bear all costs of solicitation.

I share the same address with another Cabot Microelectronics stockholder. Why has our household received only one Notice of Internet Availability of Proxy Materials?

The SEC has adopted rules that permit companies and intermediaries (e.g. brokers) to satisfy the delivery requirements with respect to two or more stockholders sharing the same address by delivering a single Notice of Internet Availability of Proxy Materials addressed to those stockholders. This process, which is commonly referred to as householding, potentially means additional convenience for stockholders, cost savings for companies, and reduced environmental impact of our proxy materials.

A number of brokers with acountholders who are stockholders will be householding the Notice of Internet Availability of Proxy Materials. As indicated in the notice previously provided by these brokers to stockholders, a single Notice of Internet Availability of Proxy Materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from an affected stockholder. Once you have received notice from your broker or us that they will be householding communications to your address, householding will continue until you are notified otherwise.

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Stockholders who received a householded mailing this year and would like to have additional copies of the Notice of Internet Availability of Proxy Materials mailed to them, or would like to opt out of this practice for future mailings should submit a written request to our transfer agent, Computershare Trust Company, N.A., at P.O. Box 43010, Providence, Rhode Island 02940-3010 Attention: Shareholder Inquiries. We will promptly send additional copies of the Notice of Internet Availability of Proxy Materials upon receipt of such request.

Stockholders who currently receive multiple copies of the Notice of Internet Availability of Proxy Materials at their address and would like to request householding of their communications should contact their broker or, if stockholders are direct holders of shares of our common stock, they should submit a written request to our transfer agent, Computershare Trust Company, N.A., at P.O. Box 43010, Providence, Rhode Island 02940-3010 Attention: Shareholder Inquiries.

Does the company's recent announcement of a proposed leveraged recapitalization including a special cash dividend affect the annual meeting?

On December 13, 2011, we announced that our board of directors determined to pursue a significant new capital management initiative, including a proposed leveraged recapitalization, intended to more efficiently allocate our company's capital and provide additional value to our stockholders, via a special cash dividend to our stockholders of \$15 per share, or approximately \$345 million in aggregate. We intend to pay the special cash dividend, approximately half of which is expected to be funded from our company's cash balance, with the remaining amount expected to be funded with a new term loan, during the first quarter of calendar year 2012, contingent upon arranging the associated financing with terms and conditions that are acceptable to us.

In addition, in accordance with the terms of our 2000 Equity Incentive Plan, the maximum number and kind of shares of our common stock or other equity interest as to which awards may be granted, the number of shares of common stock or other equity interest subject to outstanding awards, and the exercise prices for outstanding options, will be proportionally adjusted to preserve the value of such awards as a result of the special cash dividend. Our 2012 Omnibus Incentive Plan, which is being presented to stockholders for approval at the annual meeting, also contains terms requiring that the aggregate number and kind of shares of our common stock or other securities reserved for issuance and delivery under the 2012 Omnibus Incentive Plan, as well as the various maximum limitations with respect to certain types of awards and the grant to individuals of certain types of awards, be appropriately and equitably adjusted in order to reflect the impact of the special cash dividend, regardless of whether the special cash dividend is paid prior to or after our stockholders' approval of the 2012 Omnibus Incentive Plan. To the extent that there are outstanding awards under the 2012 Omnibus Incentive Plan as of the record date and payment date of the special cash dividend, the number and kind of shares of our common stock or other securities subject to such outstanding awards, and the exercise price of outstanding options and stock appreciation rights, will also be appropriately and equitably adjusted in order to reflect the impact of the special cash dividend. These mandatory adjustments in connection with the leveraged recapitalization via a special cash dividend would apply to outstanding awards under our 2000 Equity Incentive Plan (and our 2012 Omnibus Incentive Plan, if such plan is approved by our stockholders) held by our named executive officers, other executive officers, other employees, and non-employee directors. Because, as of the date of this proxy statement, the proposed leveraged recapitalization via a special cash dividend has not yet been implemented, and no special cash dividend has yet been declared or paid, such adjustments under the 2000 Equity Incentive Plan and the 2012 Omnibus Incentive Plan have not occurred as of the date of this proxy statement, and we do not know the precise amounts of such adjustments. Thus, amounts set forth and discussed in the beneficial ownership section, directors' compensation section, compensation discussion and analysis section, compensation tables, and the Approval of 2012 Omnibus Incentive Plan section of this proxy statement, are shown without giving effect to any such adjustments. For more information regarding the mandatory adjustments in connection with the proposed leveraged recapitalization via a special cash dividend, see APPROVAL OF 2012 OMNIBUS INCENTIVE PLAN.

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The following table sets forth certain information regarding the beneficial ownership of our common stock as of January 13, 2012 (except as indicated below) by:

all persons known by us to own beneficially 5% or more of our outstanding common stock;

each of our directors;

each of the named executive officers in the Compensation Discussion and Analysis Section and the Summary Compensation Table included in this Proxy Statement; and

all of our directors and executive officers as a group.

Unless otherwise indicated, each stockholder listed below has sole voting and investment power with respect to the shares of common stock beneficially owned by such stockholder.

Stock Ownership Table

Name and Address	Number of Shares Beneficially Owned(1)	Approximate Percent of Class(1)
CERTAIN BENEFICIAL OWNERS:		
1. Royce & Associates, LLC 745 Fifth Avenue New York, New York 10151	2,967,476(2)	13.03%
2. Shapiro Capital Management LLC 3060 Peachtree Road, Suite 1555 N.W. Atlanta, Georgia 30305	2,478,649(3)	10.88%
3. BlackRock, Inc. 40 East 52 nd Street New York, New York 10022	1,671,078(4)	7.34%
4. Earnest Partners, LLC 1180 Peachtree Road, Suite 2300 N.E. Atlanta, Georgia 30309	1,661,846(5)	7.29%
5. Lord, Abbett & Co. LLC	1,391,574(6)	6.11%

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90 Hudson Street

Jersey City, New Jersey 07302

6. The Vanguard Group, Inc.	1,255,023(7)	5.51%
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P.O. Box 2600

Valley Forge, Pennsylvania 19482

7. Kornitzer Capital Management, Inc.	1,211,880(8)	5.32%
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5420 W. 61st Place

Shawnee Mission, Kansas 66295

DIRECTORS AND EXECUTIVE OFFICERS:

William P. Noglows	876,149(9)	3.85%
Robert J. Birgeneau	55,500(9)	*
John P. Frazee, Jr.	86,167(9)	*
H. Laurance Fuller	122,135(9)	*
Barbara A. Klein	36,000(9)	*
Edward J. Mooney	74,560(9)	*
Steven V. Wilkinson	101,331(9)	*
Bailing Xia	44,286(9)	*

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	Number of Shares Beneficially Owned(1)	Approximate Percent of Class(1)
William S. Johnson	337,580(9)	1.48%
Adam F. Weisman	147,661(9)	*
Daniel S. Wobby	229,632(9)	1.01%
H. Carol Bernstein	293,810(9)	1.29%
All directors and executive officers as a group (18 persons)	3,106,776(10)	13.64%

* = less than 1%

- (1) Beneficial ownership generally means any person who, directly or indirectly, has or shares voting or investment power with respect to a security or has the right to acquire such power within 60 days. Shares of common stock subject to options, warrants or rights that are currently exercisable or exercisable within 60 days of January 13, 2012 are deemed outstanding for computing the ownership percentage of the person holding such options, warrants or rights, but are not deemed outstanding for computing the ownership percentage of any other person. The amounts and percentages are based upon 22,781,691 shares of our common stock outstanding as of January 13, 2012.
- (2) Of the shares reported as beneficially owned, Royce & Associates, LLC exercises (a) sole power to vote 2,967,476 shares, (b) shared power to vote 0 shares, (c) sole investment power over 2,967,476 shares, and (d) shared investment power over 0 shares. The total number of shares reported as beneficially owned is 2,967,476. Various accounts managed by Royce & Associates, LLC have the right to receive or power to direct the receipt of dividends from, or the proceeds of the sale of the shares. The number of shares indicated is based on information reported in the Schedule 13G Holdings Report filed by Royce & Associates, LLC on January 9, 2012.
- (3) Of the shares reported as beneficially owned, Shapiro Capital Management LLC exercises (a) sole power to vote 2,045,354 shares, (b) shared power to vote 429,133 shares, (c) no power to vote 0 shares, and (d) sole investment power over 2,478,649 shares. The total number of shares reported as beneficially owned is 2,478,649. The number of shares indicated is based on information reported in the Form 13F Holdings Report filed by Shapiro Capital Management LLC on November 10, 2011.
- (4) BlackRock, Inc. is the parent holding company of certain institutional investment managers. BlackRock, Inc. does not exercise, and disclaims, investment discretion with respect to securities positions over which its investment operating subsidiaries exercise such discretion. Although BlackRock, Inc. only reports 1,001 shares as beneficially owned, because of BlackRock, Inc.'s ownership interest in certain investment operating subsidiaries, it could be deemed to beneficially own an aggregate of 1,671,078 shares. Of such shares, BlackRock, Inc. and the investment operating subsidiaries of BlackRock, Inc., if taken together, exercise (a) sole power to vote 1,671,078 shares, (b) shared power to vote 0 shares, (c) sole investment power over 1,671,078 shares, and (d) shared investment power over 0 shares. This information has been aggregated based on information reported in the Form 13F Holdings Reports filed on November 3, 2011 by: (i) BlackRock, Inc. (1,001 shares); (ii) BlackRock Fund Advisors (969,732 shares); (iii) BlackRock Investment Management, LLC (88,265 shares); (iv) BlackRock Group Ltd. (10,297 shares); (v) BlackRock Institutional Trust Company, N.A. (601,261 shares); and (vi) BlackRock Japan Co., Ltd. (522 shares).
- (5) Of the shares reported as beneficially owned, Earnest Partners, LLC exercises (a) sole power to vote 692,482 shares, (b) shared power to vote 336,589 shares, (c) no power to vote 627,276 shares, and (d) sole investment power over 1,661,846 shares. The total number of shares reported as beneficially owned is 1,661,846. The number of shares indicated is based on information reported in the Form 13F Holdings Report filed by Earnest Partners, LLC on November 14, 2011.
- (6) Of the shares reported as beneficially owned, Lord, Abnett & Co. LLC exercises (a) sole power to vote 1,221,421 shares, (b) shared power to vote 0 shares, (c) no power to vote 170,153 shares, and (d) sole investment power over 1,391,574 shares. The total number of shares reported as beneficially owned is 1,391,574. This information is based on information reported in the Form 13F Holdings Report filed by

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Lord, Abbett & Co. LLC on November 14, 2011.

- (7) Of the shares reported as beneficially owned, The Vanguard Group, Inc. exercises (a) sole power to vote 35,263 shares, (b) shared power to vote 0 shares, (c) no power to vote 1,219,760 shares, (d) sole investment

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power over 1,219,760 shares, and (e) shared investment power over 35,263 shares. The total number of shares reported as beneficially owned is 1,255,023. The number of shares indicated is based on information reported in the Form 13F Holdings Report filed by The Vanguard Group, Inc. on November 15, 2011.

- (8) Of the shares reported as beneficially owned, Kornitzer Capital Management, Inc. exercises (a) sole power to vote 1,200,055 shares, (b) shared power to vote 11,825 shares, (c) no power to vote 0 shares, and (d) sole investment power over 1,211,880 shares. The total number of shares reported as beneficially owned is 1,211,880. The number of shares indicated is based on information reported in the Form 13F Holdings Report filed by Kornitzer Capital Management, Inc. on October 26, 2011.
- (9) Includes shares of our common stock that such person has the right to acquire pursuant to stock options exercisable within 60 days of January 13, 2012, as follows:

Name	Upon Exercise Shares Issuable
Mr. Noglows	728,500
Mr. Birgeneau	45,500
Mr. Frazee	70,500
Mr. Fuller	85,500
Ms. Klein	25,500
Mr. Mooney	60,500
Mr. Wilkinson	70,500
Mr. Xia	33,000
Mr. Johnson	278,525
Mr. Weisman	118,500
Mr. Wobby	195,850
Ms. Bernstein	259,512

Also includes restricted shares of common stock awarded to such executive officer pursuant to the Second Amended and Restated Cabot Microelectronics Corporation 2000 Equity Incentive Plan, As Amended and Restated September 23, 2008 (2000 Equity Incentive Plan), on December 1, 2008, December 1, 2009, December 1, 2010 and December 1, 2011, respectively, that are still subject to restrictions as of January 13, 2012, as set forth in the table below. On December 1, 2008, December 1, 2009, December 1, 2010 and December 1, 2011 as part of our annual equity incentive award program, we awarded restricted shares to our executive officers with restrictions that lapse in equal increments upon each anniversary over four years. The outstanding restricted stock awards are eligible to receive dividends and have voting rights.

Name	Annual Equity Incentive Program Restricted Shares			
	12/1/08	12/01/09	12/01/10	12/01/11
Mr. Noglows	6,750	12,500	18,750	22,000
Mr. Johnson	2,675	4,750	6,525	8,700
Mr. Weisman	2,425	3,650	4,800	6,900
Mr. Wobby	2,325	3,150	4,800	6,900
Ms. Bernstein	1,800	3,150	4,313	6,100

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Also includes both restricted shares of common stock that such executive officer has purchased at fair market value as deposit shares and for which the executive officer has been awarded a matching grant of award shares, pursuant to our Executive Officer Deposit Share Program, that are still subject to restrictions (with respect to award shares) or conditions (with respect to deposit shares) as of January 13, 2012 as set forth in the table below. Under this program, our executive officers are entitled to

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voluntarily use all or a portion of their after-tax annual cash bonus compensation to purchase at fair market value shares of restricted stock awarded under the 2000 Equity Incentive Plan. These shares are retained on deposit with us until the third anniversary of the date of deposit (deposit shares), and our company matches the deposit with a restricted stock award equal to 50% of the shares deposited by the participant (award shares). If the participant is employed by our company on the third anniversary of the deposit date and the deposit shares have remained on deposit with us through such date, the restrictions on the award shares will lapse. Such executive officer has dividend and voting rights with respect to the restricted shares.

Name	Deposit Share Program Restricted Shares
Mr. Noglows	
Mr. Johnson	2,899
Mr. Weisman	
Mr. Wobby	6,102
Ms. Bernstein	

Also includes restricted shares of common stock and restricted stock units awarded to such non-employee director pursuant to the 2000 Equity Incentive Plan that are still subject to restrictions as of January 13, 2012, as set forth in the table below. Until March, 2011, for annual equity awards to non-employee directors, restricted stock units (prior to March, 2010, restricted stock) were awarded with restrictions that lapse in equal increments upon each anniversary over four years. As of March, 2011, for annual equity awards to non-employee directors, restricted stock units are currently awarded with restrictions that lapse in full upon the first anniversary of the award. Initial equity awards of restricted stock units (prior to March, 2010, restricted stock) to non-employee directors are currently made with restrictions that lapse in equal annual increments beginning on the date of the award, as with awards to our employees, including our executive officers. Outstanding restricted stock awards are eligible to receive dividends and have voting rights but may not be sold or transferred. Outstanding restricted stock unit awards have the same economic value as shares of common stock but do not receive dividends and may not be voted or sold.

Name	Non-Employee Director Restricted Shares*
Mr. Birgeneau	5,000
Mr. Frazee	5,000
Mr. Fuller	5,000
Ms. Klein	5,000
Mr. Mooney	5,000
Mr. Wilkinson	5,000
Mr. Xia	5,000

* Includes Restricted Stock Units

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Also includes phantom shares of our common stock that such non-employee director has the right to acquire pursuant to the Directors' Deferred Compensation Plan as of January 13, 2012, as follows:

Name	Phantom Shares
Mr. Birgeneau*	
Mr. Frazee**	10,167
Mr. Fuller	19,635
Ms. Klein*	
Mr. Mooney**	6,760
Mr. Wilkinson**	11,471
Mr. Xia*	

* Messrs. Birgeneau and Xia and Ms. Klein are not participants in the Directors' Deferred Compensation Plan.

** Messrs. Frazee and Wilkinson, as of January 1, 2008, and Mr. Mooney, as of January 1, 2009, elected to cease deferral of their compensation pursuant to the Directors' Deferred Compensation Plan.

(10) Includes 2,540,453 shares of our common stock that our directors and executive officers have the right to acquire pursuant to stock options exercisable within 60 days of January 13, 2012, 214,206 restricted shares of our common stock held by our executive officers still subject to restrictions as of January 13, 2012 (which include shares subject to restrictions or conditions pursuant to our Deposit Share Program), and 48,033 phantom shares of our common stock that our non-employee directors have the right to acquire pursuant to the Directors' Deferred Compensation Plan as of January 13, 2012.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and holders of more than 10% of our common stock to file with the Securities and Exchange Commission reports regarding their ownership and changes in ownership of our common stock. Based solely on our review of the reports furnished to us, we believe that all of our directors and executive officers have complied with all Section 16(a) filing requirements for fiscal year 2011.

Existing Equity Compensation Plan Information

Please see the information in the Section captioned Existing Equity Compensation Plan Information .

ELECTION OF DIRECTORS

Our board of directors is currently comprised of eight directors. The board of directors is divided into three classes: Class I, whose terms will expire at the annual meeting of stockholders to be held in 2013; Class II, whose terms will expire at the annual meeting of stockholders to be held in 2014; and Class III, whose terms will expire at the upcoming annual meeting of stockholders. Messrs. Fuller and Mooney are currently in Class I, Messrs. Birgeneau, Wilkinson and Xia are currently in Class II, and Messrs. Frazee and Noglows and Ms. Klein are currently in Class III.

At each annual meeting of stockholders, the successors to directors whose terms will then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our certificate of incorporation provides that the authorized number of directors may be changed only by resolution of the board of directors. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the total number of directors. Our certificate of incorporation also provides that our board of directors may fill any vacancy created by the resignation of a director or the increase in the size of our board of directors.

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The board of directors has nominated and urges you to vote **FOR** the election of the three nominees named below for terms of office ending in 2015.

In the event a nominee is not available to serve for any reason when the election occurs, it is intended that the proxies will be voted for the election of the other nominees and may be voted for any substitute nominee. Our board of directors has no reason to believe that any of the nominees will not be a candidate or, if elected, will be unable or unwilling to serve as a director. In no event will the proxies be voted for a greater number of persons than the number of nominees named.

Our board of directors recommends that you vote FOR the election to the board of each of the nominees named below.

Nominees for election at this meeting for terms expiring in 2015:

John P. Frazee, Jr., 67, was elected a director of our company in April 2000. He has been a private investor since 2001 and has served as a senior advisor to Greenhill & Co., Inc. since November 2007. Prior to 1997, he served as President and Chief Operating Officer of Sprint Corporation, and before that as Chairman and Chief Executive Officer of Centel Corporation. Mr. Frazee also has served as director of various entities including the Chicago Board of Options Exchange, Dean Foods Company, Harris Bancorp, Homestead Village, Inc., Midway Airlines, Nalco Chemical Company, Paging Network, Inc., and Security Capital Group Incorporated. Mr. Frazee received his bachelor's degree in political science from Randolph-Macon College. Based upon Mr. Frazee's management and director experience discussed above, the board has concluded Mr. Frazee should serve as a director of our company.

Barbara A. Klein, 57, was elected a director of our company in April 2008. She retired in May 2008 as the Senior Vice President and Chief Financial Officer of CDW Corporation. Prior to that, Ms. Klein held a variety of senior finance positions including Vice President and Chief Financial Officer of Dean Foods Company, Vice President and Corporate Controller of Ameritech Corporation, and Vice President and Corporate Controller of Pillsbury Co. Ms. Klein also serves on the board of directors of Corn Products International, Inc. She is a certified public accountant. Ms. Klein received a B.S. in accounting and finance from Marquette University, and an M.B.A. from Loyola University. Based upon Ms. Klein's management and director experience and her accounting and finance background discussed above, the board has concluded Ms. Klein should serve as a director of our company.

William P. Noglows, 53, has served as our Chairman, President and Chief Executive Officer since November 2003. Mr. Noglows also is a director of Littlefuse, Inc. and Aspen Aerogels, Inc. From 1984 through 2003, he served in various management positions at Cabot Corporation, culminating in serving as an executive vice president and general manager. While at Cabot Corporation, he was one of the primary founders of our company and was responsible for identifying and encouraging the development of the CMP application, which is the core of our business. Mr. Noglows had previously served as a director of our company from December 1999 until April 2002. Mr. Noglows received his B.S. in chemical engineering from the Georgia Institute of Technology. Based upon Mr. Noglows' management experience, his knowledge of our company and its operations, and his knowledge of the chemical and semiconductor industries, the board has concluded Mr. Noglows should serve as a director of our company.

Directors whose terms continue until 2013:

H. Laurance Fuller, 73, was elected a director of our company in June 2002. He also is a director of Abbott Laboratories. Mr. Fuller retired from the position of Co-Chairman of BP Amoco, p.l.c. in 2000 after serving as Chairman and Chief Executive Officer of Amoco Corporation since 1991 and President since 1983. He also has served as director of various entities including J.P. Morgan Chase, Motorola, Inc. and Security Capital Group Incorporated. Mr. Fuller received his B.S. in chemical engineering from Cornell University. Based upon Mr. Fuller's management and director experience and his technical background discussed above, the board has concluded Mr. Fuller should serve as a director of our company.

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Edward J. Mooney, 70, was elected a director of our company in March 2005. He also serves on the boards of directors of FMC Corporation, FMC Technologies, Inc., the Northern Trust Corporation and PolyOne Corporation, and has served on the board of Commonwealth Edison, Inc. Mr. Mooney was the Delegue General-North America, Suez Lyonnaise des Eaux from March 2000 until his retirement in March 2001. From 1994 to 2000, he was Chairman and Chief Executive Officer of Nalco Chemical Company. Mr. Mooney received both a B.S. in chemical engineering and a J.D. from the University of Texas. Based upon Mr. Mooney's management and director experience and his knowledge of the chemical industry discussed above, the board has concluded Mr. Mooney should serve as a director of our company.

Directors whose terms continue until 2014:

Robert J. Birgeneau, 69, was elected a director of our company in March 2005. He has been the Chancellor of the University of California, Berkeley since September 2004. He also holds a faculty appointment in the departments of physics and materials science and engineering there. From July 2000 until assuming his current position, Mr. Birgeneau served as the President of the University of Toronto. Prior to that, Mr. Birgeneau was the Dean of the School of Science at the Massachusetts Institute of Technology, and previously had been the chair of its physics department. Mr. Birgeneau received his B.S. in mathematics from the University of Toronto and his Ph.D. in physics from Yale University. Based upon Mr. Birgeneau's management experience and his science and technology background discussed above, the board has concluded Mr. Birgeneau should serve as a director of our company.

Steven V. Wilkinson, 70, was elected a director of our company in April 2000. He is also a director of Entergy Corporation. Mr. Wilkinson has been retired since 1998. Prior to retirement, he was a partner of Arthur Andersen LLP. During his tenure with Arthur Andersen LLP, Mr. Wilkinson served clients across many industries, including chemical, electric and gas distribution, telecommunications, steel and transportation. He is a certified public accountant. Mr. Wilkinson received his B.A. in economics from DePauw University and his M.B.A. from the University of Chicago. Based upon Mr. Wilkinson's management experience and his accounting and finance background discussed above, the board has concluded Mr. Wilkinson should serve as a director of our company.

Bailing Xia, 56, was elected a director of our company in September 2007. He is the Chairman of Summer Leaf, Inc., a privately-held technology and project development consulting company, headquartered in Toronto, Canada, and has served in that role since 1996. He has been the Chief Representative in North America for China Central Television (CCTV) for education, science, technology, culture and health programs since 1994. In April 2007, Mr. Xia was appointed a Member of the Planning Committee of the China Development Bank. In February, 2010, Mr. Xia was appointed a Senior Advisor of China Certification & Inspection Group (CCIC), an independent third party certification and inspection organization dedicated to providing inspection, verification, certification and testing services, with accreditation by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ), the Certification and Accreditation Administration of the People's Republic of China (CNCA) and the China National Accreditation Service for Conformity Assessment (CNAS). He also served as a director of Lingo Media International, Inc. Mr. Xia holds a degree in economics from Anhui University, and also graduated from the Sino-American Scientific Technology, Industry and Business Administration Program. Based upon Mr. Xia's management experience and his Asia-centric cross-border business experience, the board has concluded Mr. Xia should serve as a director of our company.

Table of Contents**BOARD STRUCTURE AND COMPENSATION****Board of Directors and Board Committees**

Our board of directors has a standing audit committee, a standing compensation committee and a standing nominating and corporate governance committee to assist the board of directors in the discharge of its responsibilities. Our board of directors has adopted the Cabot Microelectronics Corporation Corporate Governance Guidelines, which are available on our website, www.cabotcmp.com, along with other corporate governance materials, such as board of directors committee charters and our Code of Business Conduct. Pursuant to the Corporate Governance Guidelines, committee charters and other corporate governance materials and practices, our board of directors and audit committee periodically review and provide oversight of the management of various risk factors that are relevant to our company. Our board of directors also reviews annually the functioning of the board. During fiscal year 2011, our board of directors held twelve meetings and took action by written consent once. Each of our directors attended at least 75% of all the meetings of the board and those committees on which he or she served during fiscal year 2011. With respect to our annual meeting of stockholders in fiscal year 2011, all of our directors attended except for Mr. Frazee, who was absent due to an unplanned personal matter. Since the end of fiscal year 2011, the board of directors has met four times and has not taken action by written consent. Stockholders and third parties may communicate with our board of directors through the Chairman of the Board, c/o the Secretary of our company at our offices at 870 North Commons Drive, Aurora, Illinois 60504.

Independent Directors and Leadership Structure. The board of directors has determined that seven of our eight directors, including Messrs. Birgeneau, Frazee, Fuller, Mooney, Wilkinson, and Xia and Ms. Klein, are independent directors as defined in Rule 4200 of the National Association of Securities Dealers Automated Quotation (Nasdaq) Marketplace Rules and as defined in applicable rules by the SEC. In making its determinations of independence, in addition to consideration of the relevant SEC and Nasdaq rules (according to which the definition of independent director is set forth in our Corporate Governance Guidelines), the board of directors considered factors for each director such as any other directorships, any employment or consulting arrangements, and any relationship with our company's customers, suppliers or advisors. With respect to Mr. Frazee, the board considered the fact that in November 2007 Mr. Frazee became a Senior Advisor to Greenhill & Co., Inc., an investment banking firm that has served as a financial advisor to us pursuant to certain contractual arrangements; Mr. Frazee's work with or retention by Greenhill does not relate to our company. After a period of four years with no contractual arrangements with Greenhill, we recently engaged Greenhill to advise us in connection with the proposed leveraged recapitalization and special cash dividend that we announced in December 2011, and to advise us with regard to certain strategic matters during the term of the agreement with Greenhill. We paid Greenhill advisory fees of \$1,375,000 in 2011 for this work, and will pay Greenhill an additional \$1,125,000 upon consummation of the proposed leveraged recapitalization. In addition, during the term of our agreement with Greenhill, which is terminable by us without charge at any time for any or no reason, Greenhill would be entitled to specific fees in the event of the occurrence, if ever, of certain transactions. Mr. Frazee has recused himself from any and all discussions regarding our retention of Greenhill, and negotiation of, or information related to, our contractual arrangement with the firm. Our independent directors hold regularly scheduled meetings in executive session, at which only independent directors are present. As provided in our Corporate Governance Guidelines, the Chairman of the nominating and governance committee, Mr. Frazee, serves as chairman of the meetings of the independent directors in executive session and performs other responsibilities of a lead director such as working with the Chairman of the board of directors to plan and set the agenda for meetings of the board of directors. Mr. Noglows is the Chairman of the board of directors and Chief Executive Officer of our company. The board of directors believes that this leadership structure is appropriate for our company given the size and scope of our business, the experience and active involvement of our independent directors, and our corporate governance practices, which include regular communication with and interaction between and among Mr. Noglows and the independent directors. The board believes that this approach serves to provide for the board's role in corporate governance and guiding corporate policy in an efficient manner. Stockholders and third parties may communicate with our independent directors through the Chairman of the

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nominating and corporate governance committee, c/o the Secretary of our company at our offices at 870 North Commons Drive, Aurora, Illinois 60504. During fiscal year 2011, our independent directors met in executive session six times. Since fiscal year end, our independent directors have met in executive session twice.

Audit Committee. The functions of the audit committee include selecting, appointing, retaining, compensating and overseeing our independent auditors, deciding upon and approving in advance the scope of audit and non-audit assignments and related fees, reviewing accounting principles we use in financial reporting, and reviewing the adequacy of our internal control procedures, including the internal audit function. The members of the audit committee are currently Messrs. Frazee and Wilkinson (Chairman) and Ms. Klein. Each of these audit committee members during fiscal year 2011 and currently:

is an independent director as defined in Rule 4200(a)(15) of the Nasdaq Marketplace Rules;

meets the criteria for independence as required by applicable rules adopted by the SEC;

has not participated in the preparation of our financial statements or the financial statements of any of our current subsidiaries at any time during the past three years; and

is able to read and understand fundamental financial statements.

Our board of directors has determined that the audit committee has at least one member who qualifies as an Audit Committee Financial Expert, as defined by relevant SEC rules, and has designated Mr. Wilkinson, the Chairman of the committee, as such Audit Committee Financial Expert. As previously stated, Mr. Wilkinson is an independent director. The audit committee operates under a written charter, a current copy of which is attached to this proxy statement as Appendix A and is available on our website, www.cabotcmp.com. The audit committee reviews and reassesses the adequacy of the audit committee charter on an annual basis. The audit committee has established procedures for the receipt, retention, and treatment of complaints received regarding accounting, internal accounting controls or auditing matters, as well as for the pre-approval of services provided by our independent auditors, both of which are also available on our website, www.cabotcmp.com. A current copy of the procedures for the pre-approval of services provided by our independent auditors is attached to this proxy statement as Appendix B. As set forth in the audit committee charter, the audit committee is also responsible for the review and approval of any related party transaction in advance of the company entering into any such transaction; since April 2002, we have not been engaged in any related party transactions and none have been proposed to the audit committee for consideration. The audit committee met eight times during fiscal year 2011 and has met three times since fiscal year end with respect to the audit of our fiscal year 2011 financial statements and related matters. In fulfillment of the audit committee's responsibilities for fiscal year 2011, Mr. Wilkinson, the audit committee Chairman, reviewed our Annual Report on Form 10-K for the fiscal year ended September 30, 2011 (as did the other members of the committee and board of directors), and our Quarterly Reports on Form 10-Q before we filed them, and Mr. Wilkinson and other members of the committee also reviewed quarterly earnings announcements and related matters before we released them.

Compensation Committee. The functions of the compensation committee include reviewing and approving the compensation and benefits for our employees, evaluating and deciding upon the compensation of our chief executive officer, evaluating and deciding upon the compensation of our other executive officers, which is done following consultation with our chief executive officer, monitoring the administration of our employee benefit plans, authorizing and ratifying stock option grants, restricted stock and restricted stock unit awards, other equity awards and other incentive arrangements, and authorizing employment and related agreements. Our chief executive officer is neither present for voting or deliberation on, nor votes upon decisions relating to, his compensation. In addition, our chief executive officer does not vote upon decisions related to the compensation of our other executive officers. Also, our chief financial officer, who also has responsibility for our human resources function, and his staff support the compensation committee in its work by providing input and recommendations on the overall mix and forms of executive compensation as directed by the compensation committee. Our chief financial officer and human resources staff do not make decisions regarding the amount of compensation for our named executive officers or other executive officers.

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The compensation committee has engaged the services of a compensation consultant, W.T. Haigh & Company, Inc. (W.T. Haigh), which reports directly to the committee. The consultant has been engaged to advise the committee on executive compensation and equity incentive matters and trends and to perform benchmark comparison analysis of compensation practices of peer companies. From time to time, and as part of the committee's ongoing and annual reviews of executive officer compensation matters, the consultant recommends specific ranges of compensation for our executive officers, including our named executive officers, based on information provided by the committee regarding different performance scenarios and desired market placement. The consultant also advises the nominating and corporate governance committee on non-employee director compensation matters. The consultant provides no other services to our company.

The members of the compensation committee are Messrs. Birgeneau, Fuller (Chairman), Mooney and Xia, each of whom was during fiscal year 2011 and is now an independent director as defined in Rule 4200(a)(15) of the Nasdaq Marketplace Rules and as defined in applicable rules adopted by the SEC. The compensation committee operates under a written charter that addresses compensation matters, a current copy of which is available on our website, www.cabotcmp.com. The compensation committee reviews and reassesses the adequacy of the compensation committee charter on an annual basis. The compensation committee met seven times during fiscal year 2011 and took action once by written consent, and has met three times since the fiscal year end with respect to 2011 annual bonuses, salary increases, stock option grants and restricted stock awards, and other matters, and has not taken action by unanimous written consent.

Nominating and Corporate Governance Committee. The functions of the nominating and corporate governance committee include reviewing and recommending a slate of nominees for the election of directors, recommending changes in the number, classification and term of directors, reviewing nominations by stockholders with regard to the nomination process, reviewing and recommending compensation and other matters for our non-employee directors, and attending to general corporate governance matters. The members of the nominating and corporate governance committee are Messrs. Frazee (Chairman), Fuller and Wilkinson and Ms. Klein, each of whom was during fiscal year 2011 and is now an independent director as defined in Rule 4200(a)(15) of the Nasdaq Marketplace Rules and as defined in applicable rules adopted by the SEC. The nominating and corporate governance committee operates under a formal charter that addresses the nominations process and such related matters as may be required under the federal securities laws and Nasdaq listing requirements, a current copy of which is available on our website, www.cabotcmp.com. The nominating and corporate governance committee reviews and reassesses the adequacy of the nominating and corporate governance charter on an annual basis. The nominating and corporate governance committee met three times during fiscal year 2011, did not take action by unanimous written consent, and has met once since fiscal year end. The nominating and corporate governance committee acted unanimously to recommend the nomination of the Class III director nominees to the board of directors, subject to stockholder approval, as discussed in ELECTION OF DIRECTORS, above.

Criteria for Nominating Directors

The nominating and corporate governance committee considers candidates to fill new directorships created by expansion and vacancies that may occur and makes recommendations to the board of directors with respect to such candidates. The nominating and corporate governance committee considers suggestions from many sources regarding possible candidates for director and will consider nominees recommended by stockholders. Any such stockholder nominations, together with appropriate biographical information, should be submitted to the Chairman of the nominating and corporate governance committee, c/o the Secretary of our company at our offices at 870 North Commons Drive, Aurora, Illinois 60504. To be included in the proxy statement, such nomination must be received by the Secretary of our company not later than the 120th day prior to the first anniversary of the date of the preceding year's proxy statement.

In fiscal year 2011, we did not pay a fee to any third party to identify or evaluate potential director nominees; however, in the future we may pay a fee to a third party to identify or evaluate potential director nominees if the need arises, given the important role our directors play in guiding our strategic direction and overseeing the management of our company.

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Board candidates are selected based upon various criteria including their character and reputation, relevant business experience and acumen, and relevant educational background. Some of the factors that are considered in evaluating candidates for the board of directors include experience in areas such as technology, manufacturing, marketing, finance, strategy, international business, and academia, as well as geographic, cultural, experiential and other forms of diversity. The nominating and corporate governance committee and board of directors review these factors, including diversity, in considering candidates for board membership. Board members are expected to prepare for, attend and participate in all board of directors and applicable committee meetings, and our annual meetings of stockholders. The nominating and corporate governance committee considers a director's past attendance record, participation and contribution to the board of directors in considering whether to recommend the reelection of such director.

Compensation of Directors

The following table shows information concerning the compensation that the company's non-employee directors earned during the last completed fiscal year ended September 30, 2011. A director who is also our employee receives no additional compensation for his or her services as a director.

2011 Director Compensation

Name	Fees Earned or Paid				Total
	in Cash	Stock Awards	Options Awards	All Other Compensation	
	(\$) ¹	(\$) ²	(\$) ²	(\$) ³	(\$)
Robert J. Birgeneau	63,000	98,340	109,804	1,168	272,312
John P. Frazee, Jr.	85,125	98,340	109,804	5,289	298,558
H. Laurance Fuller	83,250	98,340	109,804	1,411	292,805
Barbara A. Klein	75,375	98,340	103,575		277,290
Edward J. Mooney	63,000	98,340	109,804	4,871	276,015
Steven V. Wilkinson	94,125	98,340	109,804	949	303,218
Bailing Xia	63,000	98,340	103,575	2,596	267,511

¹ Up to March, 2011, includes an annual retainer fee and, as applicable, committee chairperson annual retainer fees, earned annually, and board and committee meeting attendance fees, earned per meeting, and as of March, 2011, includes an annual retainer fee and committee fee, earned quarterly, and, as applicable, committee chairperson annual retainer fees, earned annually, each as discussed in more detail below. Dollar amounts as of March 2011 are comprised as follows:

Name	Annual Retainer Fee	Committee Membership Fees	Committee Chair Fee
Robert J. Birgeneau	\$ 60,000	\$ 10,000	
John P. Frazee, Jr.*	\$ 60,000	\$ 22,500	\$ 15,000
H. Laurance Fuller**	\$ 60,000	\$ 20,000	\$ 15,000
Barbara A. Klein	\$ 60,000	\$ 22,500	
Edward J. Mooney	\$ 60,000	\$ 10,000	
Steven V. Wilkinson***	\$ 60,000	\$ 22,500	\$ 25,000
Bailing Xia	\$ 60,000	\$ 10,000	

- * Nominating and corporate governance committee chairman

- ** Compensation committee chairman

- *** Audit committee chairman

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² The amounts in the column headed "Stock Awards" represent the aggregate award date fair value of awards made in fiscal year 2011 computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, Stock Compensation (ASC 718). For these restricted stock unit awards, the fair value is equal to the underlying value of the stock and is calculated using the closing price of our common stock on the award date. The actual value realized by a non-employee director related to restricted stock unit awards will depend on the market value of our common stock on the date the underlying stock is sold following vesting of the awards.

The amounts in the column headed "Option Awards" represent the aggregate grant date fair value of grants in fiscal year 2011 computed in accordance with ASC 718 (see Note 12 of Notes to Consolidated Financial Statements included in Item 8 of Part II of our Annual Report on Form 10-K for fiscal year 2011 for a description of the assumptions used in that computation). The actual value realized by a non-employee director related to option awards will depend on the difference between the market value of our common stock on the date the option is exercised and the exercise price of the option.

The award date fair market value computed in accordance with ASC 718, excluding the impact of estimated forfeitures for service-based vesting conditions, of each "Stock Award" awarded to our non-employee directors during fiscal year 2011 is as follows:

Name	Award Date	Number of Restricted Stock Units	Award Date Fair Value (\$)
Mr. Birgeneau	3/8/11	2,000	98,340
Mr. Frazee	3/8/11	2,000	98,340
Mr. Fuller	3/8/11	2,000	98,340
Ms. Klein	3/8/11	2,000	98,340
Mr. Mooney	3/8/11	2,000	98,340
Mr. Wilkinson	3/8/11	2,000	98,340
Mr. Xia	3/8/11	2,000	98,340

The grant date fair market value computed in accordance with ASC Topic 718 (such amount is included in the amounts under "Option Awards" in the 2010 Director Compensation Table), and the grant date fair market value computed in accordance with SFAS 123R, excluding the impact of estimated forfeitures for service-based vesting conditions, of each "Option Award" granted to our non-employee directors during fiscal year 2011 is as follows:

Name	Grant Date	Number of Options	Grant Date Fair Value (\$)
Mr. Birgeneau	3/8/11	6,000	109,804
Mr. Frazee	3/8/11	6,000	109,804
Mr. Fuller	3/8/11	6,000	109,804
Ms. Klein	3/8/11	6,000	103,575
Mr. Mooney	3/8/11	6,000	109,804
Mr. Wilkinson	3/8/11	6,000	109,804