

CABOT MICROELECTRONICS CORP  
Form DEF 14A  
January 24, 2019  
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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:

Preliminary Proxy Statement

Confidential, for Use of the Commission  
Only (as permitted by Rule 14a-6(e)(2)).

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Materials Pursuant to Section 240.14a-11(c) or Section 240.14a-12

**CABOT MICROELECTRONICS CORPORATION**

(Exact name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
- (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, 2019

To our Stockholders:

We are notifying you that the 2019 annual meeting of stockholders of Cabot Microelectronics Corporation will be held on Wednesday, March 6, 2019 at 8:00 a.m. local time at the J.W. Marriott Hotel Houston Downtown located at 806 Main Street, Houston, TX 77002 for the following purposes:

1. To elect two directors, each for a term of three years;
2. To hold a non-binding stockholder advisory vote to approve our named executive officer compensation;
3. To ratify the selection of PricewaterhouseCoopers LLP, an independent registered public accounting firm, as our independent auditors for fiscal year 2019; and
4. 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 2018 Annual Report. Only stockholders of record at the close of business on January 11, 2019 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 delivering our proxy statement and 2018 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 and our 2018 Annual Report (collectively, 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

This proxy statement is dated January 24, 2019, and is first being made available to stockholders electronically via the internet on or about January 24, 2019.

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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 Wednesday, March 6, 2019 at 8:00 a.m. local time, at the J.W. Marriott Hotel Houston Downtown located at 806 Main Street, Houston, TX 77002 and at any postponements or adjournments of the meeting.

In accordance with and pursuant to the rules and regulations adopted by the United States Securities and Exchange Commission ( SEC ), we are providing 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 11, 2019. 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 24, 2019.

**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:

1. the election of two directors;
2. the non-binding stockholder advisory vote to approve our named executive officer compensation;

3. the ratification of the selection of our independent auditors; and

4. any other business properly coming before the meeting.

In addition, our management will report generally on the fiscal year ended September 30, 2018 and respond to questions from stockholders.

***What is the Notice of Internet Availability of Proxy Materials?***

The Notice of Internet Availability of Proxy Materials will instruct you as to how you may access and review the Proxy Materials and submit your proxy via the internet or phone. 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 on March 6, 2019:**

**The proxy statement and our 2018 Annual Report are available at [www.cabotcmp.com](http://www.cabotcmp.com) and [www.proxyvote.com](http://www.proxyvote.com).**

***How does the board recommend I vote?***

Our board of directors unanimously recommends that you vote your shares:

1. **FOR** the election of the nominees named below under ELECTION OF DIRECTORS ;
2. **FOR** non-binding advisory approval of our named executive officer compensation; and
3. **FOR** the ratification of the selection of our independent auditors.

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### ***Who is entitled to vote?***

Only stockholders of record at the close of business on the record date, January 11, 2019, are entitled to receive notice and vote at the annual meeting. Each outstanding share of common stock entitles its holder to cast one vote, without cumulation, on each matter to be voted on. As of the record date, we had approximately 28,918,694 shares of common stock outstanding and entitled to vote.

### ***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 28,918,694 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. Telephone and internet voting facilities for stockholders of record will be available 24 hours a day. You may vote over the telephone or via the internet until 11:59 p.m. ET on March 5, 2019 for shares held directly or 11:59 p.m. ET on March 3, 2019 for shares held in a plan.

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 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](http://www.proxyvote.com) and follow the steps on the secure website. You also may access the proxyvote website ([www.proxyvote.com](http://www.proxyvote.com)) or view our Proxy Materials by going to our website, [www.cabotcmp.com](http://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.

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***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** :

1. the election of the nominees for director named below under **ELECTION OF DIRECTORS** ;
2. the non-binding advisory approval of our named executive officer compensation; and
3. 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 a director, and the non-binding stockholder advisory vote to approve our named executive officer compensation.

***Can I revoke my proxy or change my vote after I return my proxy card or after I vote electronically via the internet 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?***

The number of votes required to approve each of the proposals scheduled to be presented at the annual meeting are as follows. 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.

Proposal	Required Vote
1. Election of Directors	For each nominee, a plurality of the votes cast are <b>FOR</b> such nominee (i.e., the nominees for director with the most votes will be elected).*
2. Advisory vote to approve named executive officer compensation	A majority of the votes cast are <b>FOR</b> the proposal.

3. Ratification of the selection of our independent auditors

A majority of the votes cast are **FOR** the ratification.

\* Our Corporate Governance Guidelines provide that in an uncontested election, any director nominee who receives a greater number of votes withheld from his or her election than votes for such election shall promptly tender his or her resignation to be considered by our nominating and corporate governance committee and our board of directors as outlined in the Corporate Governance Guidelines.

*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.

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

We will bear all costs of solicitation. 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 \$9,000.

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**CABOT MICROELECTRONICS CORPORATION**

**2019 PROXY STATEMENT SUMMARY**

This summary highlights information contained elsewhere in the proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement before voting.

**ANNUAL MEETING OF STOCKHOLDERS**

**Date:** March 6, 2019

**Time:** 8:00 a.m. local time

**Location:** J.W. Marriott Hotel Houston Downtown located at 806 Main Street, Houston, TX 77002

**Record Date:** January 11, 2019

**GENERAL INFORMATION**

**Stock Symbol:** CCMP

**Exchange:** NASDAQ

**Registrar and Transfer Agent:** Computershare

**Principal Executive Offices:** 870 North Commons Drive, Aurora, Illinois 60504

**Corporate Website:** cabotcmp.com

**Investor Relations Website:** ir.cabotcmp.com

## FISCAL YEAR 2018 FINANCIAL HIGHLIGHTS

## STOCKHOLDER VOTING MATTERS

Our board of directors unanimously recommends that you vote your shares:

**FOR** the election of each of the nominees named below under ELECTION OF DIRECTORS on p. 10;

**FOR** non-binding advisory approval of our named executive officer compensation on p. 64; and,

**FOR** the ratification of the selection of our independent auditors on p. 64.

## CORPORATE GOVERNANCE

**Board of Director Composition:** 7 Directors

**Director Term:** 3 Classes with Staggered 3-Year Terms

**Director Nominees:** Class I (2 Directors)

Richard S. Hill

Susan M. Whitney

**Board Meetings in Fiscal Year 2018:** 15 (5 since)

Executive Sessions: 15 (5 since)

**Board Committee Meetings in Fiscal Year 2018:**

Audit: 8 (2 since)

Compensation: 6 (3 since)

Nominating and Corporate Governance: 3 (1 since)

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**SUSTAINABILITY AND RESPONSIBLE CARE  
ENVIRONMENTAL, HEALTH AND SAFETY**

It is our policy to operate worldwide in a safe, responsible manner that respects the environment and protects the safety and health of our employees, our customers and the communities where we operate. We are committed to conducting our business operations in a manner that preserves the environment, which includes minimizing waste, conserving energy and preventing pollution. Our commitment goes beyond regulatory compliance and ISO certifications. Some of our key environmental health and safety (EHS) initiatives include:

Our Environmental, Health & Safety Management Systems meets International Organization of Standardization 14001 and Occupational Health & Safety Assessment Series 18001.

We adhere to the principles of the Responsible Business Alliance Code of Conduct.

We have adopted a Safety, Health & Environmental Policy reviewed, endorsed and signed by management.

We provide transparency through the publication of our Environmental, Health and Safety Performance Report and Human Rights Transparency Report, which are available on our website.

We strive to reduce electricity and water consumption and solid waste by establishing annual goals available on our website.

We work to identify, evaluate and control hazards in support of our global safety program.

For fiscal year 2018, CMC achieved:

>70% of our solid waste generated either was re-used or recycled rather than going to a landfill.

Completion of 95 ergonomic improvement projects to improve employee safety.

A global recordable injury rate of 0.13.

For additional information on our environmental, health and safety initiatives, please visit our website at [www.cabotcmp.com](http://www.cabotcmp.com) and navigate to the EHS tab.

## EXECUTIVE COMPENSATION

### Named Executive Officers:

David H. Li, *President and Chief Executive Officer*

Scott D. Beamer, *Vice President and Chief Financial Officer*

Daniel D. Woodland, *Vice President and President, Electronic Materials (Previously, Vice President and Chief Marketing and Operations Officer)*

H. Carol Bernstein, *Vice President, Secretary and General Counsel*

Thomas F. Kelly, *Former Vice President and President, Performance Materials (Previously, Vice President and Chief Commercial Officer)*

William S. Johnson, *Former Executive Vice President and Chief Financial Officer*

**Pay Program Aligned with Performance** (p. 28)

**Clawback Policy** (p. 31)

**No Hedging/No Pledging** (p. 39)

**No Repricing or Backdating of Options** (p. 36)

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The following table sets forth certain information regarding the beneficial ownership of our common stock as of January 11, 2019 (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 <sup>1</sup>	Approximate Percent of Class <sup>1</sup>
<b>Certain beneficial owners:</b>		
1. BlackRock, Inc.  55 East 52 <sup>nd</sup> Street  New York, New York 10055	3,674,282 <sup>2</sup>	12.7%
2. The Vanguard Group, Inc.  P.O. Box 2600	2,735,222 <sup>3</sup>	9.5%

Valley Forge, Pennsylvania 19482

**Directors and executive officers:**

David H. Li	162,089 <sup>4</sup>	*
William P. Noglows	157,370 <sup>4 5</sup>	*
Richard S. Hill	10,396 <sup>4</sup>	*
Barbara A. Klein	78,733 <sup>4</sup>	*
Paul J. Reilly	11,807 <sup>4</sup>	*
Susan M. Whitney	40,345 <sup>4</sup>	*
Geoffrey Wild	40,345 <sup>4</sup>	*
Scott D. Beamer <sup>6</sup>	19,769	*
Daniel D. Woodland	33,707 <sup>4</sup>	*
H. Carol Bernstein	59,003 <sup>4</sup>	*
Thomas F. Kelly <sup>7</sup>	23,651 <sup>4</sup>	*