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CABOT MICROELECTRONICS CORP
Form DEF 14A
January 24, 2005

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
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filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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[] Fee paid previously with preliminary materials.

[] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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(CABOT MICROELECTRONICS LOGO)

CABOT MICROELECTRONICS CORPORATION
870 NORTH COMMONS DRIVE
AURORA, ILLINOIS 60504

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To be held March 8, 2005

To our Stockholders:

We are notifying you that the Annual Meeting of Stockholders of Cabot Microelectronics Corporation will be held on Tuesday, March 8, 2005 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 two directors, each for a term of three years;
2. To ratify the selection of PricewaterhouseCoopers LLP as our independent auditors for fiscal year 2005; and
3. To transact other business properly coming before the meeting.

Each of these matters is described in further detail in the enclosed proxy statement. We also have enclosed a copy of our 2004 Annual Report. Only

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stockholders of record at the close of business on January 18, 2005 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.

Please use this opportunity to take part in our affairs by voting your shares. Whether or not you plan to attend the meeting, please complete the enclosed proxy card and return it in the envelope provided as promptly as possible or vote electronically through the Internet or by telephone. Your proxy can be withdrawn by you at any time before it is voted.

By order of the Board of Directors,

/s/ William P. Noglows
William P. Noglows
Chairman of the Board

Aurora, Illinois
January 25, 2005

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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 8, 2005 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. We are initially mailing this proxy statement and the enclosed proxy to our stockholders on or about January 25, 2005.

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 two directors and the ratification of the selection of our independent auditors. In addition, our management will report on our performance during the fiscal year ended September 30, 2004 and respond to questions from stockholders.

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" 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 18, 2005, 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 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

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date, we had approximately 24,708,675 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?

You may vote in person at the annual meeting or you may vote by proxy. You may vote by proxy by signing, dating and mailing the enclosed proxy card or if you are a record holder of our common stock (that is, if you hold your stock in your own name in our stock records maintained by our stock transfer agent, Equiserve Trust Company, N.A., P.O. Box 43010, Providence, Rhode Island 02940-3010), by telephone or through the

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Internet. If you vote by proxy, the individuals named on the proxy card as proxy holders will vote your shares in the manner you indicate. If you sign and return the proxy card without indicating your instructions, your shares will be voted "FOR":

- the election of the two nominees for director named below under "ELECTION OF DIRECTORS;" and
- the ratification of the selection of our independent auditors.

Can I vote by telephone or through the Internet?

If you are a record holder of our common stock, you may vote by telephone or through the Internet by following the instructions included with your proxy card.

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?

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 two nominees for director with the most votes will be elected. 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. 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?

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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.

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STOCK OWNERSHIP

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our common stock as of January 18, 2005 (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 and director nominees;
- each of the named executive officers in 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) -----	APPROX PERCENT OF -----
CERTAIN BENEFICIAL OWNERS:		
1. Citigroup, Inc. 399 Park Avenue New York, New York 10043	2,956,033 (2)	11.
2. Wasatch Advisors, Inc. 150 Social Hall Avenue Salt Lake City, Utah 84111	2,048,101 (3)	8.
3. Royce & Associates, L.L.C..... 1414 Ave. of the Americas	1,609,600 (4)	6.

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New York, New York 10019		
4. Barclays PLC.....	1,350,750 (5)	5.
54 Lombard Street		
London, England EC3P3AH		
5. Kornitzer Capital Management, Inc.	1,333,630 (6)	5.
5420 West 61st Place		
Shawnee Mission, Kansas 66205		

DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS:

William P. Noglows.....	86,246 (7) (8)	
Juan Enriquez-Cabot.....	36,834 (8) (9)	
John P. Frazee, Jr.	24,426 (8)	
H. Laurance Fuller.....	30,648 (8)	
Ronald L. Skates.....	24,641 (8) (10)	
Steven V. Wilkinson.....	32,227 (8)	
J. Joseph King.....	4,244 (8) (11)	
Robert J. Birgeneau.....	0 (12)	
William S. Johnson.....	42,340 (8)	
H. Carol Bernstein.....	108,715 (8)	
Daniel J. Pike.....	116,119 (8)	
Stephen R. Smith.....	63,000 (8)	
Matthew Neville.....	206,228 (8) (13)	
All directors, nominees and executive officers as a group (20 persons).....	917,220 (14)	3.

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* = 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 18, 2005 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 24,708,675 shares of our common stock outstanding as of January 18, 2005.
- (2) Of the shares reported as beneficially owned, Citigroup, Inc. exercises (a) sole power to vote 1,391,230 shares, (b) shared power to vote 0 shares, (c) sole investment power over 0 shares and (d) shared investment power over 2,956,033 shares. This information is based on information reported in Schedule 13F Holdings Report filed by Citigroup, Inc. on September 30, 2004. Based solely on information reported in Amendment No. 3 to Schedule 13G filed by Citigroup, Inc. on February 4, 2004, the shares reported as beneficially owned by Citigroup, Inc. are also partially beneficially owned by Citigroup, Inc.'s wholly-owned subsidiaries Citigroup Global Markets Inc. f/k/a "Salomon Smith Barney, Inc.", Citigroup Financial Products Inc. f/k/a "Salomon Brothers Holding Company Inc.", and Citigroup Global Markets Holdings Inc. f/k/a "Salomon Smith Barney Holdings Inc.".
- (3) Of the shares reported as beneficially owned, Wasatch Advisors, Inc. exercises (a) sole power to vote 2,048,101 shares, (b) shared power to vote 0 shares, (c) sole investment power over 2,048,101 shares and (d) shared investment power over 0 shares. The number of shares indicated is based on information reported in Amendment No. 7 to Schedule 13G filed by Wasatch

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Advisors, Inc. on October 8, 2004.

- (4) Of the shares reported as beneficially owned, Royce & Associates, L.L.C. exercises (a) sole power to vote 1,609,600 shares, (b) shared power to vote 0 shares, (c) sole investment power over 1,609,600 shares and (d) shared investment power over 0 shares. The number of shares indicated is based on information reported in the Schedule 13F Holdings Report filed by Royce & Associates, L.L.C. on November 10, 2004.
- (5) Of the shares reported as beneficially owned, Barclays PLC exercises (a) sole power to vote 1,260,784 shares, (b) shared power to vote 0 shares, (c) sole investment power over 0 shares and (d) shared investment power over 1,350,750 shares, of which the investment power over 682,270 shares is shared with Barclays Global Investors NA, the investment power over 380,7855 shares is shared with Barclays Global Fund Advisors, the investment power over 237,878 shares is shared with Palomino LTD and the investment power over 49,847 shares is shared with Barclays Capital Securities LTD. The number of shares indicated is based on information reported in the Schedule 13F filed by Barclays Global Investors, N.A. on November 12, 2004.
- (6) Of the shares reported as beneficially owned, Kornitzer Capital Management, Inc. exercises (a) sole power to vote 0 shares, (b) shared power to vote 1,333,630 shares, (c) sole investment power over 1,333,630 shares and (d) shared investment power over 0 shares. The number of shares indicated is based on information reported in the Schedule 13F Holdings Report filed by Kornitzer Capital Management, Inc. on November 9, 2004.
- (7) Effective November 3, 2003, Mr. Noglows was elected to our Board of Directors and became the Chairman, President and Chief Executive Officer.

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- (8) Includes shares of our common stock that such person has the right to acquire pursuant to stock options exercisable within 60 days of January 18, 2005, as follows:

NAME	UPON EXERCISE SHARES ISSUABLE
-----	-----
Mr. Noglows.....	62,500
Mr. Enriquez-Cabot.....	19,375
Mr. Frazee.....	19,375
Mr. Fuller.....	21,250
Mr. Skates.....	19,375
Mr. Wilkinson.....	19,375
Mr. King.....	1,875
Mr. Johnson.....	39,166
Ms. Bernstein.....	107,500
Mr. Pike.....	107,500
Mr. Smith.....	63,000
Mr. Neville.....	180,000

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 18, 2005, as follows:

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NAME	PHANTOM SHARES
----	-----
Mr. Enriquez-Cabot.....	2,690
Mr. Frazee.....	3,051
Mr. Fuller.....	2,398
Mr. Skates.....	2,706
Mr. Wilkinson.....	3,492
Mr. King.....	0

- (9) Includes 1,222 shares of our common stock directly owned by Mr. Enriquez-Cabot's spouse and 588 shares beneficially owned by a child of Mr. Enriquez-Cabot. Does not include an aggregate of 60,582 shares of our common stock held in trusts for the benefit of Mr. Enriquez-Cabot and his children, as to which Mr. Enriquez Cabot has no voting or investment power.
- (10) Mr. Skates has decided not to stand for re-election to the Board of Directors at this year's annual meeting on March 8, 2005; thus, his term as a director expires on the annual meeting date of March 8, 2005. Because this year's annual meeting date, and Mr. Skates' termination of service date, is to occur one, two, three and four days, respectively, ahead of the anniversary of prior annual meeting dates and the date upon which a total of 8,125 options of his would otherwise vest pursuant to the approval of the nominating and corporate governance committee and the Board of Directors, the four option grant agreements between Mr. Skates and our company related to these 8,125 options were amended on January 17, 2005 to accelerate the vesting of these options to March 8, 2005 that would have otherwise vested on March 9, March 11, March 12 and March 13, 2005. All other unvested options will terminate upon his termination of service on March 8, 2005.
- (11) Effective December 10, 2004, Mr. King resigned as a member of the Board of Directors. At the time of his resignation, Mr. King held 2,369 shares under the Directors' Deferred Compensation Plan that were distributed to him upon his resignation as per the terms of such plan.
- (12) Mr. Birgeneau has been nominated by the Board of Directors as a Class II director for election at our upcoming meeting of stockholders on March 8, 2005, for a term expiring in 2008.
- (13) Effective November 2, 2003, Mr. Neville resigned as Chairman of the Board of Directors, President and Chief Executive Officer. At the time of his resignation, Mr. Neville held 26,228 shares.
- (14) Includes 784,391 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 18, 2005, and 14,337 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 18, 2005.

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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

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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 2004, with the exception of one filing of a Form 4 by each of Messrs. Enriquez-Cabot, Frazee, Fuller, Wilkinson, Skates and King that was inadvertently delayed by approximately two weeks relating to the acquisition of approximately sixty to eighty phantom shares of our common stock acquired by each pursuant to our Directors' Deferred Compensation Plan.

ELECTION OF DIRECTORS

Our board of directors is currently comprised of six 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 2007; Class II, whose terms will expire at the upcoming annual meeting of stockholders; and Class III, whose terms will expire at the annual meeting of stockholders to be held in 2006. Messrs. Enriquez-Cabot and Fuller are currently in Class I, Messrs. Skates and Wilkinson are currently in Class II, and Messrs. Frazee and Noglows are currently in Class III. Mr. Skates has decided not to stand for re-election when his term expires at the upcoming meeting of stockholders. Mr. Robert J. Birgeneau has been nominated by the board of directors to replace Mr. Skates as a Class II director. J. Joseph King resigned as a director on December 10, 2004, and the number of directors was reduced from seven to six.

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 the board of directors.

The board of directors has nominated and urges you to vote "FOR" the election of the two nominees named below for terms of office ending in 2008. Proxies will be so voted unless stockholders specify otherwise in their proxies.

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 nominee 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 2008:

Robert J. Birgeneau, 62, has been the Chancellor of the University of California, Berkeley since September 2004. He also holds a faculty appointment in the department of physics 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 the physics department of M.I.T. Mr. Birgeneau received his B.Sc. in mathematics from the University of Toronto and his Ph.D. in physics from Yale University.

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Steven V. Wilkinson, 63, was elected a director of our company in April 2000. He has been retired since 1998. Prior to retirement, he worked for Arthur Andersen LLP, where he became a partner in 1974. Mr. Wilkinson is also a director of Entergy Corporation. Mr. Wilkinson received his BA in economics from DePauw University and his MBA from the University of Chicago.

Directors whose terms continue until 2006:

John P. Frazee, Jr., 60, was elected a director of our company in April 2000. He has been a private investor since 2001. From 1999 until 2001, he served as Chairman and Chief Executive Officer of Vast Solutions, Inc., a provider of wireless data products and services. From 1999 to 2000, he served as Chairman and Chief Executive Officer of Paging Network, Inc. From 1997 to 1999, he served as Chairman, President and Chief Executive Officer of Paging Network. From 1993 until 1997, Mr. Frazee managed investments as a private investor. During 1993, he was President and Chief Operating Officer of Sprint Corporation. Prior to that, he was Chairman and Chief Executive Officer of Centel Corporation. In addition to serving on our board, Mr. Frazee also serves on the board of EMS Technologies, Inc. Mr. Frazee received his bachelor's degree in political science from Randolph-Macon College.

William P. Noglows, 46, has served as our Chairman, President and Chief Executive Officer since November 3, 2003. From 1984 through 2003, Mr. Noglows 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. Mr. Noglows had previously served as a director of our company from December, 1999 until April 2002. Mr. Noglows received his degree in Chemical Engineering from the Georgia Institute of Technology.

Directors whose terms continue until 2007:

Juan Enriquez-Cabot, 45, was elected a director of our company in April 2000. Since 2003, Mr. Enriquez-Cabot has served as the Chairman and Chief Executive Officer of Biotechnomy, a life sciences research and investment firm. Mr. Enriquez-Cabot also served as the Director of the Life Sciences Project at the Harvard Business School from 2001-2003. From 1997 until 2001, Mr. Enriquez-Cabot was a researcher at Harvard University's David Rockefeller Center. From 1996 to 1997, he was a senior researcher at the Harvard Business School and a fellow at Harvard University's Center for International Affairs. He received both his bachelor and MBA degrees from Harvard University.

H. Laurance Fuller, 66, was elected a director of our company in June 2002. He is a director of Abbott Laboratories and of Motorola, Inc. Mr. Fuller retired from the position of Co-Chairman of BP Amoco, p.l.c., a global petroleum and petrochemicals company, in 2000 after serving as Chairman and Chief Executive Officer of Amoco Corporation since 1991 and President since 1983. Mr. Fuller received his B.S. in chemical engineering from Cornell University.

RATIFICATION OF THE SELECTION OF INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP audited our financial statements for fiscal year 2004, and has been selected by the audit committee of our board of directors to audit our financial statements for fiscal year 2005. A representative of PricewaterhouseCoopers LLP is expected to attend our annual meeting, where he or she will have the opportunity to make a statement, if he or she desires, and will be available to respond to appropriate questions.

Stockholder ratification of the selection of PricewaterhouseCoopers LLP as

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our independent auditors is not required by our by-laws or otherwise. However, our board is submitting the selection of PricewaterhouseCoopers LLP to our stockholders for ratification as a matter of good corporate practice. If our stockholders fail to ratify the selection, our audit committee will review its future selection of auditors. Even if the selection is ratified, the audit committee in its discretion may direct the appointment of different

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independent auditors at any time during the year if it determines that such a change would be in the best interests of our company and our stockholders.

For information regarding audit and other fees billed by PricewaterhouseCoopers LLP for services rendered in fiscal year 2004 and fiscal year 2003, see "FEES OF INDEPENDENT AUDITORS AND AUDIT COMMITTEE REPORT -- Fees Billed by Independent Auditors," below.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE RATIFICATION OF THE SELECTION OF OUR INDEPENDENT AUDITORS.

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. During fiscal year 2004, the board of directors held fourteen meetings and took action by written consent twice. Each of our directors attended our annual meeting of stockholders in fiscal years 2003 and 2004 and at least 75% of all the meetings of the board and those committees on which he served during fiscal year 2004. Since fiscal year end, the board of directors has met three times and has taken action by written consent once. Shareholders 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. The board of directors has determined that five of our six directors, Messrs. Enriquez-Cabot, Frazee, Fuller, Skates and Wilkinson, are, and if elected, our director nominee, Mr. Birgeneau will be, "independent" directors as defined in Rule 4200 of the National Association of Securities Dealers' listing standards and as defined in applicable rules by the Securities and Exchange Commission ("SEC"). Our independent directors hold regularly scheduled meetings in executive session, at which only independent directors are present. The Chairman of the nominating and corporate governance committee serves as chairman of the meetings of the independent directors in executive session, and performs other responsibilities such as working with the Chairman of the board of directors to plan and set the agenda for meetings of the board of directors. Shareholders and third parties may communicate with our independent directors through 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. During fiscal year 2004, our independent directors met in such executive sessions thirteen times. Since fiscal year end, our independent directors have met in such executive sessions two times.

AUDIT COMMITTEE. The functions of the audit committee include selecting,

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appointing, retaining, compensating and overseeing our 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, reviewing internal auditing procedures, and reviewing the adequacy of our internal control procedures. The members of the audit committee are Messrs. Enriquez-Cabot, Frazee, and Wilkinson (Chairman), each of whom, during fiscal year 2004 and currently:

- is an "independent" director as defined in Rule 4200(a)(15) of the National Association of Securities Dealers' listing standards;
- 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.

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Until his resignation from our board on December 10, 2004, Mr. King was also a member of the audit committee and also met these criteria.

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 auditor, both of which are also available on our website, www.cabotcmp.com. The audit committee met four times during fiscal year 2004 and has met once since fiscal year end with respect to the audit of our fiscal year 2004 financial statements and related matters. In fulfillment of the audit committee's responsibilities for fiscal year 2004, Mr. Wilkinson, the audit committee Chairman, reviewed our Annual Report on Form 10-K for the fiscal year ended September 30, 2004 (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, administering our employee benefit plans, authorizing and ratifying stock option grants 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. During fiscal year 2004, the compensation committee was composed of Messrs. Frazee, Fuller, Skates (Chairman), Wilkinson and King, each of whom was during fiscal year 2004 and is

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now (other than Mr. King, who resigned from our board on December 10, 2004) an "independent" director as defined in Rule 4200(a)(15) of the National Association of Securities Dealers' listing standards 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 four times and took action by written consent eight times during fiscal year 2004. The compensation committee has met once and has taken action by written consent once since the fiscal year end with respect to 2004 annual bonuses, salary increases, stock option grants and other matters.

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 directors, and attending to general corporate governance matters. The members of the nominating and corporate governance committee are Messrs. Enriquez-Cabot, Frazee (Chairman), Fuller and Skates, each of whom was during fiscal year 2004 and is now an "independent" director as defined in Rule 4200(a)(15) of the National Association of Securities Dealers' listing standards 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 five times during fiscal year 2004, has taken action by written consent once and has met four times since fiscal year end. The nominating and corporate governance committee acted

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unanimously to recommend the nomination of the Class II 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 for such nomination.

In fiscal year 2004, we did not pay a fee to any third party to identify or evaluate potential director nominees; however, our directors play a critical role in guiding our strategic direction and overseeing the management of the company and accordingly, in the future we may pay a fee to a third party to

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identify or evaluate potential director nominees if the need arises.

Board candidates are selected based upon various criteria including their character, business experience and acumen. 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 and cultural diversity. 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.

Mr. Birgeneau was recommended to the nominating and corporate governance committee by our Chief Executive Officer and the Chairman of the nominating and corporate governance committee.

COMPENSATION OF DIRECTORS

A director who is also our employee receives no additional compensation for his services as a director. Each of our directors who is not an employee of our company currently receives the following:

- upon his or her original appointment or election as a director, options to purchase 15,000 shares of our common stock which vest over a three year period;
- on an annual basis, at the time of appointment and subsequently at the time of our annual meeting, options to purchase 10,000 shares of our common stock which vest over a four year period;
- on an annual basis, at the time of appointment and subsequently at the time of our annual meeting, a \$20,000 fee;
- a \$1,000 fee for attendance at each meeting of our board of directors or a committee of the board; and
- reimbursement of travel and other out-of-pocket costs incurred in attending meetings.

Additionally, the audit committee chairman receives an additional \$20,000 annual fee at the time of our annual meeting for serving as the audit committee chairman.

Under our Directors' Cash Compensation Umbrella Program, which only applies to non-employee directors, each non-employee director may choose to receive his compensation either in cash, in fully vested restricted stock under our Second Amended and Restated Cabot Microelectronics Corporation 2000 Equity Incentive Plan ("2000 Equity Incentive Plan") (as of the date the fees are earned, the fees would be converted into the equivalent number of fully vested restricted shares, which would be beneficially owned and reported on Form 4 filings), or as deferred compensation under our Directors' Deferred Compensation Plan.

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At present, each of our non-employee directors has elected to defer his compensation to future periods under the Directors' Deferred Compensation Plan, which became effective in March 2001. Under the plan, as amended in June 2003, deferred amounts are payable only in the form of our common shares. A participating director is required to elect a date on which deferred compensation will begin to be distributed, which date generally must be at least

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two years after the end of the year deferrals are made and no later than the date of termination. As of the date the compensation is earned, the fees are converted into the right to acquire the equivalent number of shares of common stock at the end of the deferral period. These rights to acquire shares under the Directors' Deferred Compensation Plan are reported as beneficially owned on Form 4 filings for each participating director. As of January 18, 2005, an aggregate of approximately \$671,620, of directors' compensation was deferred under the plan. The American Jobs Creation Act, a law containing provisions affecting deferred compensation plans, was enacted in 2004 with an effective date of January, 2005. We believe we are currently operating in compliance with the new law and plan to amend the Directors' Deferred Compensation Plan to the extent necessary to comply with such law when relevant United States Department of the Treasury guidance is issued.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the current or former members of the compensation committee are or have been our employees.

FEES OF INDEPENDENT AUDITORS AND AUDIT COMMITTEE REPORT

FEES BILLED BY INDEPENDENT AUDITORS

During fiscal years 2003 and 2004, the audit committee pre-approved 100% of all audit and non-audit services provided by our independent auditors. For such pre-approval of services, the audit committee follows its policy for the pre-approval of services provided by our independent auditors, a current copy of which is attached to this proxy statement as Appendix B and also is available on our web-site, www.cabotcmp.com. The following table presents fees for audit services rendered by PricewaterhouseCoopers LLP for the audit of our annual financial statements for the fiscal year ended September 30, 2004, and September 30, 2003, and fees billed for other services rendered by PricewaterhouseCoopers LLP during those periods.

FEES	FISCAL YEAR ENDED SEPTEMBER 30, 2004 (\$)	FISCAL YEAR ENDED SEPTEMBER 30, 2003 (\$)
-----	-----	-----
Audit Fees(1).....	585,696	521,240
Audit-Related Fees(2).....	54,304	50,483
Tax Fees(3).....	266,609	414,493(4)
All Other Fees(5).....	1,500	0
	-----	-----
Total.....	908,109	986,216

(1) Audit Fees include fees for professional services rendered by PricewaterhouseCoopers LLP for the audit of our annual financial statements and review of financial statements included in our Form 10-Q and for services that normally would be provided by PricewaterhouseCoopers LLP in connection with statutory and regulatory filings or engagements. In addition to including fees for services necessary to perform an audit or review in accordance with GAAP, this category also may include services that generally only PricewaterhouseCoopers LLP reasonably can provide, such as comfort letters, statutory audits, attest services, consents and assistance with and review of documents filed with the SEC.

(2) Audit-Related Fees include assurance and related services (e.g., due

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diligence services) traditionally performed by PricewaterhouseCoopers LLP that are reasonably related to the performance of the audit or review of our financial statements and not reported under the "Audit Fee" heading, including employee benefit plan audits, due diligence related to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, internal control reviews, attest services that are not required by statute or regulation and consultation concerning financial accounting and reporting standards.

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- (3) Tax Fees include all services performed by professional staff in PricewaterhouseCoopers LLP's tax division except those services related to the audit, and include fees for tax compliance, tax planning, and tax advice. Tax compliance generally involves preparation of original and amended tax returns, claims for refund and tax payment-planning services. Tax planning and tax advice encompass a diverse range of services, including assistance with tax audits and appeals, tax advice related to mergers and acquisitions, employee benefit plans and requests for rulings or technical advice from taxing authorities. For fiscal year 2004, \$90,643 out of the total \$266,609 for Tax Fees was for tax compliance services.
- (4) Our proxy statement for fiscal year 2003 inadvertently incorrectly reported the Tax Fees for fiscal year 2003 as \$336,526. The above number reflects the corrected Tax Fees amount for fiscal year 2003 of \$414,493. The additional \$77,967 reflects certain fees paid to PricewaterhouseCoopers LLP in connection with work performed in our foreign offices for tax compliance and tax strategy and planning services. The majority of such work was for tax compliance services.
- (5) All Other Fees include fees related to financial information systems implementation and design services. Our independent auditors did not render any such services to us in fiscal year 2004 or any prior year. The above number for All Other Fees for 2004 is for access to on-line accounting research software.

REPORT OF THE AUDIT COMMITTEE

The following report of the audit committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other of our filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent we specifically incorporate this report by reference therein.

The audit committee of the board of directors is responsible for providing independent, objective oversight of our accounting and system of internal controls, the quality and integrity of our financial reports, and the independence and the selection, appointment, retention, compensation and oversight of the performance of our independent auditors. The audit committee is composed of independent directors and 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. 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.

Management is responsible for our internal controls and the financial reporting process. The independent auditors are responsible for performing an independent audit of our financial statements in accordance with generally

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accepted auditing standards and issuing a report on those financial statements. The audit committee monitors and oversees these processes.

In this context, the audit committee reviewed and discussed the audited financial statements for fiscal year 2004 with management and with the independent auditors. Specifically, the audit committee has discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 (Communications with Audit Committees), which include, among other things:

- methods used to account for any significant and unusual transactions;
- the effect of any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;
- the process used by management in formulating any particularly sensitive accounting estimates and the basis for the independent auditors' conclusions regarding the reasonableness of those estimates; and
- any disagreements with management over the application of accounting principles, the basis for management's accounting estimates, and the disclosures in the financial statements.

The audit committee believes strongly in the principles underlying the requirement that independent auditors maintain their independence in strict compliance with applicable independence rules. The audit

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committee has received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1 (Independence Discussions With Audit Committees) and has discussed with the independent auditors the issue of the independent auditors' independence from the company and management. In addition, in accordance with the Securities and Exchange Commission's auditor independence requirements, the audit committee has considered whether the independent auditors' provision of non-audit services to the company is compatible with maintaining the independence of the independent auditors and has concluded that it is.

Based on its review of the audited financial statements and the various discussions noted above, the audit committee recommended to the board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2004.

Respectfully submitted by the audit committee,

Juan Enriquez-Cabot
John P. Frazee, Jr.
Steven V. Wilkinson, Chairman

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EXECUTIVE COMPENSATION

SUMMARY OF CASH AND CERTAIN OTHER COMPENSATION

The following table sets forth certain compensation information for our Chief Executive Officer, our former Chief Executive Officer and our four other executive officers who were the most highly compensated for the fiscal year ended September 30, 2004 (together, the "named executive officers"). All of the

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information in this table reflects compensation earned by the named executive officers for services rendered to us.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	FISCAL YEAR	ANNUAL COMPENSATION			OTHER ANNUAL COMPEN-	RESTRICTED STOCK	LONG-TER
		SALARY (\$)	BONUS (\$)	SATION (\$)	(5)	AWARD (S) (\$)	(6)
William P. Noglows(1) President and Chief Executive Officer	2004	412,500	425,000	318,765	--	--	2
	2003	--	--	--	--	--	
	2002	--	--	--	--	--	
William S. Johnson(2) Vice President and Chief Financial Officer	2004	300,000	200,000	400	9,994	(6)	
	2003	150,000	103,000	(4)	--	--	
	2002	--	--	--	--	--	
H. Carol Bernstein Vice President, Secretary and General Counsel	2004	237,500	185,000	8,350	4,973	(6)	
	2003	227,500	140,000	8,350	--	--	
	2002	217,500	96,000	8,000	--	--	
Daniel J. Pike Vice President of Corporate Development	2004	257,625	130,000	350	--	--	
	2003	247,875	150,000	350	--	--	
	2002	236,250	107,000	300	--	--	
Stephen R. Smith Vice President of Marketing and Sales	2004	217,875	146,000	350	--	--	
	2003	208,625	125,000	670	--	--	
	2002	185,640	128,000	(4)	58,168	--	
Matthew Neville(3) Former President and Chief Executive Officer	2004	400,000	--	40,192	--	--	
	2003	393,750	300,000	250	4,986	(6)	1
	2002	368,750	260,000	--	--	--	1

(1) Mr. Noglows joined us as our President and Chief Executive Officer effective November 3, 2003. Mr. Noglows had previously served as an outside director of our company from the time of our initial public offering in April 2000 through April 2002, after first having been appointed a director in December, 1999. These amounts do not include options to acquire 7,500 shares granted to Mr. Noglows in March 2002 as compensation for his service on our board of directors. Upon his resignation from our board of directors in April 2002, any such options, as well as options that he had been granted for service as a director in April, 2000 and March, 2001 that were unvested terminated in accordance with their terms.

(2) Mr. Johnson joined us as our Vice President and Chief Financial Officer on April 1, 2003.

(3) Mr. Neville resigned from his position as our President and Chief Executive Officer, effective as of November 2, 2003. Pursuant to the terms of his Employment and Transition Agreement, described in greater detail below, Mr.

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Neville remains our employee until November 3, 2005.

- (4) These figures include a sign-on bonus paid to (i) Mr. Johnson in fiscal year 2003 (\$25,000); (ii) Mr. Smith in fiscal year 2002 (\$30,000); Mr. Smith's hire date was October 29, 2001.
- (5) These figures reflect (i) airline club membership fees for fiscal year 2002 in the amount of \$300 for Mr. Pike, and for fiscal year 2003 in the amount of \$350 for each of Ms. Bernstein and Mr. Pike, and

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\$250 for Mr. Neville, and for fiscal year 2004 in the amount of \$300 for Mr. Noglows, \$400 for Mr. Johnson and \$350 for each of Ms. Bernstein, Mr. Pike, Mr. Smith and Mr. Neville; (ii) transportation allowances in the amount of \$8,000 paid annually to Ms. Bernstein for fiscal years 2002, 2003 and 2004; (iii) reimbursement of relocation expenses in accordance with our company's standard relocation reimbursement policy in the amount of \$58,168 and \$670 paid to Mr. Smith in fiscal years 2002 and 2003, respectively, (iv) reimbursement of relocation expenses in accordance with our company's standard relocation reimbursement policy in the amount of \$272,276, and an additional \$34,150 of tax assistance for taxes assessed on the amount of such relocation expense to that provided by our standard policy, as per the terms of his employment agreement for Mr. Noglows attributable to fiscal year 2004; (v) attorneys' fees in the amount of \$2,564 paid on behalf of Mr. Noglows in connection with the negotiation of his employment agreement, as provided in such agreement; (vi) business eating club membership for Mr. Noglows, including an initiation fee of \$8,500 and membership fees for fiscal year 2004 in the amount of \$975; and (viii) attorneys' fees in the amount of \$39,842 paid on behalf of Mr. Neville in connection with the negotiation of his Employment and Transition Agreement, as provided in such agreement.

- (6) These amounts correspond to matching grants of "award shares" of restricted stock made pursuant to our Executive Officer Deposit Share Plan, which is described in more detail below. Under this plan, our executive officers are entitled to voluntarily use all or a portion of their after-tax 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 our company until the third anniversary of the date of deposit ("deposit shares"), and our company matches the deposit with a restricted stock grant 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 our company through such date, the restrictions on the award shares will lapse.

"Restricted Stock Award(s)" includes award shares but does not include deposit shares as these amounts were purchased by the participant after-tax from amounts that were already disclosed in the "Bonus" column. Specifically included in "Restricted Stock Award(s)" are:

- (i) 205 award shares granted to Mr. Johnson on December 26, 2003 worth \$9,994 (based upon the closing price of our common stock as of December 26, 2003 of \$48.75 per share), that are scheduled to vest December 26, 2006;
- (ii) 102 award shares granted to Ms. Bernstein on December 26, 2003 worth \$4,973 (based upon the closing price of our common stock as of December 26, 2003 of \$48.75 per share), that are scheduled to vest December 26, 2006; and

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(iii) 106 award shares granted to Mr. Neville on December 27, 2002 worth \$4,986 (based upon the closing price of our common stock as of December 27, 2002 of \$47.04 per share), that were scheduled to vest December 27, 2005. In January 2005, Mr. Neville withdrew all of his deposit shares prior to the three year anniversary date of their deposit, thereby forfeiting all 106 award shares.

The aggregate restricted stock holdings for the named executive officers still subject to restrictions as of the end of fiscal 2004 consisted of 413 shares worth \$14,971 (based upon the closing price of our common stock as of September 30, 2004 of \$36.25). The outstanding restricted stock awards are eligible to receive dividends.

These amounts do not include award share grants made pursuant to our Executive Officer Deposit Share Plan to certain of our named executive officers after the end of fiscal year 2004. On December 22, 2004, Mr. Noglows, Mr. Johnson and Ms. Bernstein participated in the Deposit Share Plan receiving 1,296,324, and 90 respective award shares on deposit under the plan. The restrictions on these award shares will lapse on December 22, 2007 if the participant is employed by our company at that time and the corresponding deposit shares have remained on deposit with our company through such date.

(7) These amounts include options to acquire 250,000 shares granted to Mr. Noglows on November 3, 2003 as part of his employment agreement to join our Company. These options were granted with an exercise

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price of \$55.37, vesting in equal increments upon each anniversary over four years, a term of ten years and an expiration of November 3, 2013. As described in greater detail below, to address certain new accounting rules, on September 27, 2004, the compensation committee accelerated the vesting to September 1, 2005 of all options granted previously to all employees, including executive officers and directors, with an option price of less than \$34.65, which action accelerated the vesting to September 1, 2005 of 187,500 of the options subject to this grant to Mr. Noglows.

(8) These amounts do not include options granted to certain of our named executive officers after the end of fiscal year 2004. On December 10, 2004, we granted options to certain of our named executive officers that have an exercise price of \$37.78, vest in equal increments upon each anniversary over four years and expire December 10, 2014, in the amounts set forth in the table below:

NAME	SECURITIES UNDERLYING OPTIONS (#)
----	-----
Mr. Noglows.....	250,000
Mr. Johnson.....	68,000
Ms. Bernstein.....	63,000
Mr. Pike.....	54,000
Mr. Smith.....	54,000

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(9) The information in the column headed "All Other Compensation" includes contributions (both matching and "safe-harbor") made by us to our tax-qualified savings plan (the "401(k) Plan") and accruals under our non-qualified supplemental savings plan (the "Supplemental Plan") according to the standard terms of each of these plans as apply to all of our employees. For the 401(k) Plan, this means that we contribute the equivalent of 4% of each employee's eligible compensation (up to the I.R.S. eligible compensation limit) to the plan on the employee's behalf, regardless of whether the employee makes a contribution to the plan ("safe-harbor contribution"). In addition, we make a matching contribution on the employee's behalf of 100% of the first 4%, and 50% of the next 2%, that the employee contributes to the 401(k) Plan ("matching contribution"). With respect to the Supplemental Plan, which applies to all employees at such time as they reach the I.R.S. eligible compensation limit, employees are presently not able to make contributions to the plan, but we continue to make the "safe harbor" contribution of the equivalent of 4% of each employee's eligible compensation (over the I.R.S. eligible compensation limit) to the Supplemental Plan on the employee's behalf. For fiscal year 2004, contributions as such to the 401(k) Plan and the Supplemental Plan on behalf of the named executive officers were made in the following amounts:

NAME ----	401 (K) PLAN -----	SUPPLEMENTAL PLAN -----
Mr. Noglows.....	\$21,450	\$ 5,300
Mr. Johnson.....	\$20,575	\$ 5,920
Ms. Bernstein.....	\$17,575	\$ 6,800
Mr. Pike.....	\$18,104	\$ 8,020
Mr. Smith.....	\$18,574	\$ 5,460
Mr. Neville.....	\$18,450	\$19,800

In fiscal year 2004, we provided each of our named executive officers with basic life insurance and accidental death and dismemberment insurance coverage that was provided on the same basis to all of our employees. There is no cash surrender value associated with this insurance coverage. The value paid for this coverage attributable to each named executive officer (Mr. Noglows, \$564; Mr. Johnson, \$616; Ms. Bernstein, \$488; Mr. Pike, \$529; Mr. Smith, \$448 and Mr. Neville, \$216) is also reflected in the column headed "All Other Compensation" for fiscal year 2004.

In addition, adjustments were made to correct amounts of contributions to accounts of certain named executive officers that are reflected in the "All Other Compensation" amounts for fiscal year 2002. None of the adjustments were material.

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OPTION GRANTS

The following table sets forth the number of shares of our common stock underlying the options granted to the named executive officers during the fiscal year ended September 30, 2004.

OPTION GRANTS IN LAST FISCAL YEAR

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NAME	NUMBER OF SHARES UNDERLYING OPTIONS GRANTED	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE PER SHARE (\$)	EXPIRATION DATE
William P. Noglows	250,000 (2) (4)	21.5%	\$55.37	11/3/1
William S. Johnson	50,000 (3) (4)	4.3%	\$48.91	12/11/1
H. Carol Bernstein	60,000 (3) (4)	5.1%	\$48.91	12/11/1
Daniel J. Pike	60,000 (3) (4)	5.1%	\$48.91	12/11/1
Stephen R. Smith	60,000 (3) (4)	5.1%	\$48.91	12/11/1
Matthew Neville	--	--	--	--

- (1) These values were estimated using the Black-Scholes option pricing formula on the basis of the following assumptions: expected volatility: 71%; risk free rate of return: 3.3%; annualized dividend yield: 0.0%; and expected time until exercise: 5.0 years.
- (2) On November 3, 2003, as part of Mr. Noglows' employment agreement to join our company, 250,000 options were granted to him with vesting in equal increments upon each anniversary over four years with the first quarter having vested on November 3, 2004, a term of ten years with an expiration of November 3, 2013 and an exercise price of \$55.37. As described in greater detail below, to address certain new accounting rules, on September 27, 2004, the compensation committee accelerated the vesting to September 1, 2005 of all options granted previously to all employees, including executive officers and directors, with an option price of less than \$34.65, which action accelerated the vesting to September 1, 2005 of 187,500 of the options subject to this grant to Mr. Noglows.
- (3) These options were granted with a term of ten years, an expiration of December 11, 2013 and vesting in equal amounts annually over a four-year period, with the first quarter having vested on December 11, 2004. As described in greater detail below, to address certain new accounting rules, on September 27, 2004, the compensation committee accelerated the vesting to September 1, 2005 of all options granted previously to all employees, including executive officers and directors, with an option price of less than \$34.65, which action accelerated the vesting to September 1, 2005 of 37,500 of the options subject to this grant to Mr. Johnson and 45,000 of the options subject to these grants to each of Ms. Bernstein, Mr. Pike and Mr. Smith.
- (4) This table does not include options granted to certain of our named executive officers after the end of fiscal year 2004. For fiscal year 2005, on December 10, 2004, we granted 250,000 options to Mr. Noglows, 68,000 options to Mr. Johnson, 63,000 options to Ms. Bernstein, and 54,000 options to each of Mr. Pike and Mr. Smith. These options have an exercise price of \$37.78, vest in equal increments upon each anniversary over four years, and have a term of ten years, expiring December 10, 2014.

To address certain issues arising pursuant to a new rule (at the time

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proposed) by the Financial Accounting Standards Board and as permitted by the 2000 Equity Incentive Plan, on September 27, 2004 the company, with the approval of the compensation committee, accelerated to September 1, 2005 the vesting of those stock options granted to all employees, officers and directors under the 2000 Equity Incentive Plan prior to September 27, 2004 that have an option price equal to or greater than the fair market value of our shares on

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September 27, 2004 (\$34.65), through amendment made and effective as of September 27, 2004 to the grant agreements for such stock options. Approximately 1.3 million options with varying remaining vesting schedules of fewer than three years as of September 1, 2005 are subject to the acceleration provision and become exercisable as of such date as a result, including for the named executive officers as set forth below:

NAME ----	NUMBER OF ACCELERATED OPTIONS (#) -----
Mr. Noglows.....	187,500
Mr. Johnson.....	37,500
Ms. Bernstein.....	79,250
Mr. Pike.....	84,500
Mr. Smith.....	77,250
Mr. Neville.....	75,000

OPTION EXERCISES AND FISCAL YEAR-END VALUES

The following table sets forth information with respect to option exercises in the last fiscal year, the number of unexercised stock options held by the named executive officers on September 30, 2004, and the value of the unexercised in-the-money stock options on that date.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND
FISCAL YEAR-END OPTION VALUES

NAME	SHARES ACQUIRED UPON EXERCISES (#) (1)	VALUE REALIZED (\$)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS		EX
			AT FISCAL YEAR END (#) EXERCISABLE	UNEXERCISABLE	
William P. Noglows	--	--	--	250,000	
William S. Johnson	--	--	26,666	63,334	
H. Carol Bernstein	--	--	80,625	128,375	
Daniel J. Pike	--	--	91,000	139,000	
Stephen R. Smith	--	--	33,750	110,250	
Matthew Neville	35,000	1,064,972	190,000	150,000	

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- (1) Since September 30, 2004, certain of the named executive officers have exercised options. On November 15, 2004, Mr. Pike exercised options to purchase 12,000 shares, and on various dates since September 30, 2004, Mr. Neville exercised options to purchase an aggregate of 35,000 shares.
 - (2) We determined the value of unexercised in-the-money options as of September 30, 2004 by taking the difference between the fair market value of a share of our common stock on September 30, 2004 (\$36.25) and the option exercise price of the applicable in-the-money option grant multiplied by the number of shares underlying those options as of that date.

EXECUTIVE OFFICER DEPOSIT SHARE PLAN

Our executive officers are eligible to participate in the Executive Officer Deposit Share Plan that our board of directors adopted in March 2000. Under this plan, our executive officers are entitled to use all or a portion of their after-tax 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 our company until the third anniversary of the date of deposit ("deposit shares"), and our company matches the deposit with a restricted stock grant 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

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have remained on deposit with our company through such date, the restrictions on the award shares will lapse. Six individuals currently participate in the deposit share plan, and 11,296 shares (including award shares) are currently on deposit under that plan for all executive officers. Of the named executive officers, Mr. Noglows, Mr. Johnson and Ms. Bernstein participate with 2,593, 1,058, and 386 respective deposit shares and 1,296,529, and 192 respective award shares on deposit under the plan. Mr. Neville also had participated in the plan, but in January, 2005, he withdrew all his deposit shares consisting of 212 shares prior to the three year anniversary date of their deposit, thereby forfeiting all of the award shares.

EMPLOYMENT, TERMINATION OF EMPLOYMENT, AND CHANGE IN CONTROL AGREEMENTS

On November 2, 2003, we entered into an employment agreement with Mr. Noglows to become our Chairman, President and Chief Executive Officer. This employment agreement is available as Exhibit 10.38 to our Form 10-Q filed on February 12, 2004. Pursuant to this employment agreement, among other terms, we agreed to pay Mr. Noglows an annual base salary of \$450,000 and a cash bonus for fiscal year 2004 that would not be less than \$160,000, following the end of fiscal year 2004. Additionally, we granted Mr. Noglows an option to purchase 250,000 shares of our common stock with an exercise price of \$55.37, vesting in four equal annual installments on each subsequent anniversary of November 3, 2003, and an expiration of November 3, 2013 (as described in greater detail above, to address certain new accounting rules, on September 27, 2004, the compensation committee accelerated the vesting to September 1, 2005 of all options granted previously to all employees, including executive officers and directors, with an option price of less than \$34.65, which action accelerated the vesting to September 1, 2005 of 187,500 of the options subject to this grant to Mr. Noglows.) We also have agreed to pay Mr. Noglows one year's base salary if we terminate his employment without cause and to allow any options that would vest during such period to vest during such time, to provide certain relocation and other reimbursements, and to allow him to utilize first-class air travel.

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Effective November 2, 2003, Mr. Neville resigned from our board of directors and as our Chairman, President and Chief Executive Officer. On November 3, 2003, we entered into an Employment and Transition Agreement with Mr. Neville that provided for the continuation of his employment with us until November 3, 2005. This agreement is available as Exhibit 10.37 to our Form 10-Q filed on February 12, 2004. In consideration of Mr. Neville continuing to provide advice to the new leadership of our company and of the other terms of the agreement, including those relating to non-competition, confidentiality, and a general release from claims, we paid Mr. Neville a bonus of \$300,000 for fiscal year 2003 and agreed to pay him his annual base salary of \$400,000 for the remainder of his employment with us. As part of the agreement, Mr. Neville's Change in Control Severance Protection Agreement, which contained terms similar to those described for Mr. Noglows below, terminated on November 3, 2003, and subject to its terms, all provisions ceased as of November 3, 2004. We also agreed to continue to provide certain benefits available to all employees according to their standard terms for the remainder of his employment with us to the extent we still make available such benefits to all other employees, and agreed to make certain non-material reimbursements, as noted in the Summary Compensation Table above, such as a one-time reimbursement for certain attorneys' fees and airline club membership. In addition to these arrangements, we have entered into an employment agreement with Clifford L. Spiro, our Vice President of Research and Development, under which we would be obligated to pay him one year's base salary if we terminate his employment without cause. We also have entered into an agreement with Victoria J. Brush, our Vice President of Human Resources, under which we would be obligated to pay her nine months' base salary if we terminate her employment without cause within the first nine months of her employment (prior to May 2, 2005). We have not entered into any employment or termination of employment agreements with any of our other named executive officers or other executive officers, with the exception of a standard employment agreement as prescribed by French law for our one executive officer in France.

We have entered into Change in Control Severance Protection Agreements ("change in control agreements") with each of the named executive officers. The form of change in control agreements is available as Exhibit 10.23 to our Form 10-K filed on December 28, 2000. Under the change in control agreements, each executive whose employment with our company terminates, other than for cause, disability, death or certain other specified reasons, within two years (in the case of Mr. Johnson, Ms. Bernstein, Mr. Pike

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and Mr. Smith) or three years (in the case of Mr. Noglows) after a "change in control" of our company (as such term is defined in the agreements), is entitled to a severance benefit. The severance benefit includes:

- accrued and unpaid compensation including: base salary, reimbursement for reasonable and necessary expenses incurred by the executive on behalf of the company through the date of termination, vacation pay and bonuses and incentive compensation;
- a pro-rated bonus (based on the target bonus amount for the fiscal year in which the change of control or termination occurs or the highest bonus paid to the executive in the three fiscal years preceding the fiscal year in which change of control occurs, whichever is higher);
- two times (in the case of Mr. Johnson, Ms. Bernstein, Mr. Pike and Mr. Smith) or three times (in the case of Mr. Noglows), the executive's annual cash compensation (salary plus bonus plus an amount equal to the contributions made or credited by the company under all employee

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retirement plans for the benefit of the executive for the most recently completed plan year of each such plan (e.g., the 401(k) Plan and Supplemental Plan));

- health and welfare benefits (consistent with health and welfare benefits available to all employees for which they had been eligible prior to their termination) for 24 months (in the case of Mr. Johnson, Ms. Bernstein, Mr. Pike and Mr. Smith) or 36 months (in the case of Mr. Noglows) following the executive's termination date;
- payment or reimbursement for the costs, fees and expense of outplacement assistance services, up to a maximum of fifteen percent of the executive's annual base salary; and,
- a full "gross-up payment" of any and all excise taxes assessed on amounts received under the change in control agreements, as well as all other taxes that may become due as a result of the gross-up payment

We also have similar change in control severance protection agreements providing for two times severance benefits in place with our other executive officers. Under the change in control agreements, all amounts accrued or awarded to the executives under any incentive compensation or benefit plan, including options and restricted stock granted under the 2000 Equity Incentive Plan, will immediately vest on each executive's respective termination date.

STANDARD EMPLOYEE BENEFITS

We have adopted various employee benefit plans and arrangements for the purpose of providing compensation and employee benefits to our employees, including our executive officers. In general, the same terms apply to all of our employees, including our executive officers. These plans and arrangements include an equity incentive plan, an employee stock purchase plan, the 401(k) Plan, and Supplemental Plan.

REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

The following report of the compensation committee and the performance graph included elsewhere in this proxy statement do not constitute soliciting material and should not be deemed filed or incorporated by reference into any other of our filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent we specifically incorporate this report or the performance graph by reference therein.

GENERAL. Our executive compensation program is administered by the compensation committee of the board of directors, which is composed solely of independent directors. The compensation committee operates under a written charter that addresses compensation matters, a current copy of which is available on our website at www.cabotcmp.com. The compensation committee reviews and reassesses the adequacy of the compensation committee charter on an annual basis. The compensation committee is responsible for determining the level of compensation paid to our chairman, president and chief executive officer and our other executive officers, and determining awards under and administering the Second Amended and Restated Cabot Microelectronics Corporation 2000 Equity Incentive Plan ("2000 Equity Incentive Plan"). The

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compensation committee is also responsible for reviewing and establishing all other executive compensation plans that we may adopt from time to time.

During and for fiscal year 2004, the compensation committee made all

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decisions pertaining to the compensation of our Chairman, President and Chief Executive Officer, Mr. William P. Noglows, our named executive officers and our other executive officers. The compensation committee also reviewed and approved the methodology used for compensation of our general employee population. The compensation committee, which was established in April 2000 concurrent with the completion of our IPO, has made all decisions pertaining to the compensation of our executive officers since its creation. The compensation committee, in consultation with outside advisors hired by the committee, made all decisions pertaining to the employment offer and agreement and compensation of Mr. Noglows, who was appointed to his positions in November, 2003. In addition, the committee, along with the independent directors of our board of directors, and in consultation with outside advisors hired by the committee, made all decisions relating to the Employment and Transition Agreement with Mr. Matthew Neville, who resigned as our Chairman, President and Chief Executive Officer in November, 2003.

COMPENSATION POLICY AND OVERALL OBJECTIVES. In determining the amount and composition of executive compensation, the committee's goal is to provide compensation that will enable us to attract and retain talented executives, align compensation with business objectives and performance, and link the interests of our executives to the interests of our stockholders. In general, executive officers, including our Chairman, President and Chief Executive Officer, are eligible for, and participate in, our compensation and benefits programs according to the same general terms as those available to all of our employees. For example, the terms and conditions of our annual stock option grants under the 2000 Equity Incentive Plan are the same for our executive officers as they are for our employees. Similarly, the health and welfare benefit programs are the same for all of our employees, including our executive officers; executive officers participate in the same 401(k) Plan and Supplemental Plan, according to the same terms, as all of our employees. Aside from the change-in-control severance protection agreements with our named executive officers and other executive officers, and employment agreements with Mr. Noglows, Dr. Spiro and Ms. Brush, all of which are described in greater detail in the "Executive Compensation" section above, the company does not have post-termination of service agreements with its other executive officers.

The compensation committee believes that each element of the compensation program should target compensation levels at rates that take into account current market practices. Offering market-comparable pay opportunities allows us to maintain a stable, successful management team. Our market for compensation comparison purposes is comprised of a group of companies that develop, manufacture, supply or use semiconductor products and processes, as well as companies that have similar sales volumes, market capitalizations, employment levels, and geographic presence. In evaluating this comparison group for compensation purposes, the compensation committee, in consultation with outside advisors hired by the committee, exercises its discretion and makes its judgment after considering all relevant factors.

The key elements of our executive compensation program are base salary, annual bonuses and long-term incentives. Each of these is addressed separately below. In determining compensation, the compensation committee considers all elements of an executive's total compensation package, including change in control arrangements, participation in savings plans and other benefits.

BASE SALARIES. The compensation committee regularly reviews each executive officer's base salary. Base salaries for executive officers are initially determined by evaluating the executives' levels of responsibility, prior experience, breadth of knowledge, internal equity issues and external pay practices, with particular reference to the comparison group of companies. Increases to base salaries are driven primarily by performance, and evaluated based on sustained levels of contribution to the company in the context of its performance-based management process. In the past several years, depending on

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the level of performance of the company and each executive officer, this generally has meant base salaries in the 50th to 75th percentile of the salary ranges of similarly positioned executives in the comparison group of companies.

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The factors impacting base salary levels are not assigned specific weights. Rather, the compensation committee reviews all of the factors and makes base pay determinations that reflect the compensation committee's analysis of the aggregate impact of these factors.

ANNUAL BONUSES. All of the company's employees are eligible to participate in the company's cash bonus program, with executive officer bonuses, if any, determined by the compensation committee. The compensation committee believes that a cash bonus program allows us to communicate specific goals that are of primary importance during each year and motivates executives to achieve these goals.

Each year, the compensation committee and Board of Directors establish specific performance goals in accordance with the performance-based management process, the achievement of which determines the funding of the bonus pool which is approved by the committee for all employees, including executive officers. In turn, the size of the bonus pool determines the amount of the relative awards to participants. Accordingly, executives' opportunities to earn bonuses correspond to the degree to which the pre-established goals are achieved.

Actual payouts for bonus awards are determined by the level of performance of the company and each executive officer, and may be higher or lower than the established target level depending upon performance relative to the pre-established goals. The compensation committee, in consultation with its outside advisors, has established bonus award targets for each executive by evaluating factors such as external pay practices, with particular reference to the comparison group of companies. In the past several years this generally has meant a bonus award target for our executives in the 50th to 75th percentile of the bonus range of similarly positioned executives in the comparison group of companies.

In December, 2003, the Board of Directors and compensation committee established the performance goals upon which annual bonus awards for services rendered in fiscal year 2004 by our Chairman, President and Chief Executive Officer, our other named executive officers, our other executive officers, and all employees would be based. Upon completion of the fiscal year, the compensation committee evaluated the performance of our executive officers in light of the pre-established performance goals and determined the amount of the bonus award to be paid to each such executive. The performance goals established by the compensation committee for these executives included: financial goals and business metrics such as revenue, gross margin, market share and cost management, business growth through market and technology extension, safety, and improvement in customer relationships and satisfaction, as well as technology, operations excellence and quality leadership, and related key business processes.

In December, 2004, the Board and the compensation committee approved the performance goals upon which cash bonus awards that may be paid to our executive officers and other employees under our cash bonus program for fiscal year 2005 are intended to be based. The performance goals for fiscal year 2005 are: financial goals that include a specified dollar amount of revenue, gross margin as a percentage of revenue, earnings per share, and cost of goods sold as a percentage of revenue; quality and customer relationship goals that include certain customer satisfaction measures; research and development goals that include development and advancement of certain products and applications; and,

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certain organizational goals. Any cash bonus award amounts pursuant to the cash bonus program will be determined for each participant based on levels of attainment of the indicated goals by the company, as well as the attainment of individual performance objectives, as assessed by the compensation committee, using its discretion.

LONG-TERM INCENTIVES. Long-term incentives are provided to executives pursuant to the 2000 Equity Incentive Plan. The compensation committee believes that equity-based compensation is an essential element in our overall compensation scheme. Equity-based compensation is emphasized in the design of our executive compensation program because it involves at-risk components of pay which directly link executives' interests with those of our stockholders.

Initial or "new-hire" options and restricted stock may be granted to executive officers when they join the company. Thereafter, options and restricted stock may be granted to each executive officer annually and from time to time based on performance. To enhance retention, options and restricted stock granted to executive officers are subject to vesting restrictions that generally lapse over a four-year period.

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When determining awards under the 2000 Equity Incentive Plan, the compensation committee considers the company's and individual's performance in the prior year, the executives' levels of responsibility, prior experience and years of service, historical award data and compensation practices at the comparison group of companies. In determining award sizes, the compensation committee does not assign specific weights to these factors. Rather, the factors are evaluated on an aggregate basis.

Our executive officers are also eligible to participate in the Executive Officer Deposit Share Plan. See "EXECUTIVE COMPENSATION -- Executive Officer Deposit Share Plan," above.

CEO COMPENSATION. When Mr. Noglows joined our company in November, 2003, the compensation committee, in consultation with outside advisors hired by the committee, used the executive compensation practices described above to determine the terms of Mr. Noglows' employment offer and compensation for fiscal year 2004. Based upon these criteria, the compensation committee set Mr. Noglows' base salary at \$450,000 and agreed to pay Mr. Noglows a cash bonus for fiscal year 2004 of not less than \$160,000, following the end of fiscal year 2004. In addition, in connection with Mr. Noglows' joining the company, the compensation committee awarded him equity-based compensation of options to purchase an aggregate of 250,000 shares of our common stock with vesting in four equal increments upon each anniversary of the grant date of November 3, 2003, Mr. Noglows' date of hire, over four years, a term of ten years with an expiration of November 3, 2013, and an exercise price of \$55.37 (As described in greater detail above, to address certain new accounting rules, on September 27, 2004, the compensation committee accelerated the vesting to September 1, 2005 of all options granted previously to all employees, including executive officers and directors, with an option price of less than \$34.65, which action accelerated the vesting to September 1, 2005 of 187,500 of the options subject to this grant to Mr. Noglows.) As part of his joining the company, Mr. Noglows also entered into a change-in-control severance protection agreement that is described in greater detail in the section entitled "Executive Compensation" above. Also as described in greater detail in the section entitled "Executive Compensation" above, Mr. Noglows' employment agreement with the company additionally provides, among other things, for reimbursement of certain relocation and other expenses.

At the end of fiscal year 2004, the compensation committee, in consultation

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with outside advisors hired by the committee, used the executive compensation practices described above, including the performance goals established by the committee, to determine Mr. Noglows' compensation, composed of a cash bonus for fiscal year 2004, a non-qualified stock option grant in December, 2004 as part of the annual grant cycle for which all employees were eligible, and a salary increase effective on January 1, 2005. In addition, in setting both the cash-based and equity-based elements of Mr. Noglows' compensation, the compensation committee made an overall assessment of Mr. Noglows' leadership in establishing and achieving the company's long-term and short-term strategic, operational and business goals. Mr. Noglows' leadership during fiscal year 2004 that contributed to the company's continued positive financial results, especially in light of Mr. Noglows' having assumed his leadership role at the beginning of the fiscal year and leading smoothly the transition from the former Chief Executive Officer, was also taken into consideration in determining his compensation package. In addition to these factors, Mr. Noglows' bonus award reflected the company's performance against certain financial objectives in fiscal year 2004, which in general met the overall pre-established goals for fiscal year 2004. Based upon all of these criteria, the compensation committee awarded Mr. Noglows \$425,000 as a cash bonus for fiscal year 2004, which together with his \$450,000 annual base salary effective as of his date of hire of November 3, 2003 (\$412,500 paid during fiscal year 2004), resulted in total cash compensation to Mr. Noglows for fiscal year 2004 of \$837,500. On December 10, 2004, the compensation committee awarded Mr. Noglows equity-based compensation in the form of stock options to purchase an aggregate of 250,000 shares of the company's common stock that vest in equal increments upon each anniversary over four years and have a term of ten years that expires December 10, 2014, at an exercise price of \$37.78. Aside from the number of options granted, the terms and conditions of this option grant are the same as those for grants made to our other employees, including those that provide that any options that are not vested at the time of termination of employment are forfeited.

During fiscal year 2004, the compensation committee and the Board of Directors also reviewed the hypothetical costs to the company of Mr. Noglows' change-in-control severance protection agreement, and those of the company's other executive officers and key employees who have such agreements.

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Upon Matthew Neville's resignation as Chairman, President and Chief Executive Officer on November 3, 2003, he entered into an Employment and Transition Agreement with the company, which is described in greater detail in the section entitled "Executive Compensation" above. Pursuant to such agreement, Mr. Neville remains employed by the company until November 3, 2005, and while in such capacity he has continued to receive the \$400,000 in annual salary that he was receiving at the time of his resignation as an executive officer of the company. Pursuant to the terms of the Employment and Transition Agreement, he received \$300,000 as a cash bonus for fiscal year 2003. He did not receive any bonus award or stock option award for fiscal year 2004, and is not eligible for any such awards or salary increases; he has not received any stock option grants since December, 2002. As of November 3, 2004, he ceased to be eligible for any benefits under his change-in-control severance protection agreement, which was terminated as of November 3, 2003.

INTERNAL REVENUE CODE SECTION 162(M). As one of the factors in its review of compensation matters, the committee considers the anticipated tax treatment to our company and to our executives of various payments and benefits. The deductibility of some types of compensation payments depends upon the timing of an executive's vesting or exercise of previously granted rights. Furthermore, interpretations of and changes in the tax laws and other factors beyond the compensation committee's control also affect the deductibility of compensation.

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For these and other reasons, the compensation committee will not necessarily limit executive compensation to that deductible under Section 162(m) of the Internal Revenue Code of 1986, as amended. The compensation committee will consider various alternatives to preserving the deductibility of compensation payments and benefits to the extent reasonably practicable and to the extent consistent with its other compensation objectives. At our annual meeting of stockholders held in March, 2004, our 2000 Equity Incentive Plan was submitted to our stockholders for approval, and our stockholders approved the plan. The 2000 Equity Incentive Plan's predecessor plan, the Amended and Restated Cabot Microelectronics Corporation 2000 Equity Incentive Plan, previously had been approved by our stockholders in March, 2001. The 2000 Equity Incentive Plan is intended to qualify certain compensation awarded under that plan for tax deductibility under Section 162(m).

Respectfully submitted by the compensation committee,

John P. Frazee, Jr.
H. Laurance Fuller
Ronald L. Skates, Chairman
Steven V. Wilkinson

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Indemnification

Our bylaws and our certificate of incorporation require us to indemnify our directors and officers to the fullest extent authorized by the Delaware General Corporation Law. We have entered into indemnification agreements with all of our directors and executive officers in which we confirm that we will provide to them the indemnification rights provided for in our by-laws and agree to maintain directors' and officers' liability insurance on their behalf.

Option Agreement Amendment

Mr. Skates has decided not to stand for re-election to the Board of Directors at this year's annual meeting on March 8, 2005. Accordingly, his term as a director expires on the annual meeting date of March 8, 2005. Because this year's annual meeting date, and Mr. Skates' termination of service date, is to occur one, two, three and four days, respectively, ahead of the anniversary of prior annual meeting dates and the dates upon which a total of 8,125 options of Mr. Skates' options would otherwise vest, on January 17, 2005, pursuant to the approval of the nominating and corporate governance committee and the Board of Directors we amended four option grant agreements between Mr. Skates and our company related to 8,125 options to accelerate the vesting of these options to March 8, 2005 that would have otherwise vested on March 9, March 11, March 12 and March 13, 2005.

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PERFORMANCE GRAPH

The following graph illustrates the cumulative total stockholder return on our common stock during the period from our initial public offering on April 4, 2000 through September 30, 2004 and compares it with the cumulative total return on the NASDAQ Stock Market Index and the Philadelphia Semiconductor Index. The comparison assumes \$100 was invested on April 4, 2000 in our common stock and in each of the foregoing indices and assumes reinvestment of dividends, if any. The performance shown is not necessarily indicative of future performance.

COMPARISON OF 54 MONTH CUMULATIVE TOTAL RETURN*
AMONG CABOT MICROELECTRONICS CORPORATION,
THE NASDAQ STOCK MARKET (U.S.) INDEX

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AND THE PHILADELPHIA SEMICONDUCTOR INDEX

(PERFORMANCE GRAPH)

	CUMULATIVE TOTAL RETURNS								
	4/4/00	6/00	9/00	12/00	3/01	6/01	9/01	12/01	3/02
Cabot									
Microelectronics									
Corporation.....	100.00	183.92	192.96	208.80	177.89	249.25	194.21	318.59	271.12
Nasdaq Stock Market									
(U.S.).....	100.00	95.86	88.38	59.18	44.14	52.05	36.12	46.95	44.14
Philadelphia									
Semiconductor.....	100.00	98.44	68.16	50.13	43.60	48.23	32.47	46.80	50.13

	CUMULATIVE TOTAL RETURNS								
	9/02	12/02	3/03	6/03	9/03	12/03	3/04	6/04	9/04
Cabot									
Microelectronics									
Corporation.....	149.71	189.75	168.60	202.73	223.64	196.98	169.37	123.06	145.12
Nasdaq Stock Market									
(U.S.).....	28.45	32.46	32.65	39.37	43.34	48.53	48.19	49.62	46.12
Philadelphia									
Semiconductor.....	21.84	24.43	25.01	30.94	38.43	44.85	42.21	40.77	32.47

 * \$100 invested on 4/4/00 in stock or index -- including reinvestment of dividends. Fiscal year ending September 30.

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2006 ANNUAL MEETING OF STOCKHOLDERS

The 2006 annual meeting of stockholders is presently scheduled to be held on Tuesday, March 7, 2006. Any proposals of stockholders intended for inclusion in the proxy statement for our 2006 annual meeting of stockholders must be received by the Secretary of our company at our offices at 870 North Commons Drive, Aurora, Illinois 60504, by Tuesday, September 27, 2005. If a stockholder of the company intends to present a proposal at the 2006 annual meeting of stockholders, such stockholder must comply with the advance notice provisions of our by-laws. Those provisions require that such proposal must be received by our Secretary at 870 North Commons Drive, Aurora, Illinois 60504, not earlier than Tuesday, November 8, 2005 and not later than Thursday, December 8, 2005. Subject to certain exceptions set forth in our by-laws, such proposals must contain specific information concerning the person to be nominated or the matters to be brought before the meeting and concerning the stockholder submitting the proposal.

"HOUSEHOLDING" OF PROXY MATERIALS

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The SEC has adopted rules that permit companies and intermediaries (e.g. brokers) to satisfy the delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," potentially means additional convenience for stockholders and cost savings for companies.

A number of brokers with accountholders who are stockholders will be "householding" our proxy materials. As indicated in the notice previously provided by these brokers to stockholders, a single proxy statement 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.

Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request "householding" of their communications should contact their broker or, if a stockholder is a direct holder of shares of our common stock, they should submit a written request to our transfer agent, Equiserve Trust Company, N.A., at P.O. Box 43010, Providence, Rhode Island 02940-3010 Attention: Shareholder Inquiries.

VOTING THROUGH THE INTERNET OR BY TELEPHONE

Our stockholders voting through the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, that must be borne by the stockholder. Those of our stockholders with shares registered directly with Equiserve, our transfer agent, may vote telephonically by calling Equiserve at (877) 779-8683, or may vote through the Internet at the following address on the World Wide Web:

www.eproxyvote.com/ccmp

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[CABOT MICROELECTRONICS LOGO]

APPENDIX A

CABOT MICROELECTRONICS CORPORATION AUDIT COMMITTEE CHARTER

PURPOSE

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Cabot Microelectronics Corporation (the "Company") is to oversee the Company's accounting and financial reporting processes and the audit of its financial statements. The Committee is responsible for overseeing the Company's accounting and system of internal controls, the quality and integrity of the Company's financial reports and the independence and performance of the Company's independent public accountants responsible for the annual audit and quarterly reviews of the Company's financial statements ("independent auditor"). In so doing, the Committee should endeavor to maintain free and open means of communication between the members of the Committee, other members of the Board, the independent auditor, the senior and financial management of the Company, and with any employees of the Company or other individuals who desire to bring accounting, internal accounting controls, auditing, or other matters to the Committee's attention.

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In the exercise of its oversight responsibilities, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements fairly present the Company's financial position and results of operation and are in accordance with generally accepted accounting principles. Instead, such duties remain the responsibility of management and the independent auditor. Nothing contained in this charter is intended to alter or impair the operation of the "business judgment rule" as interpreted by the courts under the Delaware General Corporation Law. Further, nothing contained in this charter is intended to alter or impair the right of the members of the Committee under the Delaware General Corporation Law to rely, in discharging their responsibilities, on the records of the Company and on other information presented to the Committee, Board or Company by officers of employees or by outside experts such as the independent auditor.

MEMBERSHIP

The Committee shall consist of at least three members of the Board. The members shall be appointed by action of the Board, upon recommendation of the Nominating and Corporate Governance Committee, and shall serve at the discretion of the Board. Each Committee member shall satisfy the "independence" and other requirements of relevant law, including rules adopted by the Securities and Exchange Commission ("SEC"), and the Nasdaq Stock Market ("Nasdaq"). At least one member of the Committee shall satisfy the "financial expert" requirements of relevant law, including rules adopted by the SEC, and Nasdaq. Each member of the Committee shall be able to read and understand financial statements at the time of his or her appointment.

COMMITTEE ORGANIZATION AND PROCEDURES

1. The Chair of the Committee shall be appointed by the Board by majority vote. The Chair (or in his or her absence, a member designated by the Chair) shall preside at all meetings of the Committee.

2. The Committee shall have the authority to establish its own rules and procedures consistent with the bylaws of the Company for notice and conduct of its meetings, should the Committee, in its discretion, deem it desirable to do so. Members of the Committee may participate telephonically in any meeting. A majority of the members of the Committee shall constitute a quorum for the transaction of business and the action of a majority of the members present at any meeting at which there is a quorum shall be the act of the Committee.

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3. The Committee shall meet as frequently as the Committee in its discretion deems desirable.

4. The Committee may, in its discretion, include in its meetings members of the Company's management, representatives of the independent auditor, outside counsel, the senior internal audit manager and other personnel employed or retained by the Company, the Board or the Committee. The Committee shall meet periodically and as it deems appropriate with the independent auditor or the senior internal audit manager, internal audit service provider, outside counsel or other advisors in separate executive sessions to discuss any matters that the Committee believes should be addressed privately, without management's presence, and also shall meet periodically and as it deems appropriate in separate executive sessions with the Company's management.

5. The Committee may, in its discretion, retain and utilize the services of the Company's regular corporate legal counsel with respect to legal matters or its other advisors with respect to other matters or, at its discretion, retain other legal counsel or other advisors if it determines that such counsel or

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advice is necessary or appropriate under the circumstances.

6. The Committee shall have its own funding from the Company to pay for the services of the Company's independent auditors and any legal counsel or other advisors that are retained by the Committee.

RESPONSIBILITIES

Independent Auditor

7. The Committee has the sole and direct responsibility for selecting, appointing, terminating, compensating and overseeing the Company's independent auditor, as well as for resolving any disagreements between the independent auditors and management. The Committee shall only retain as independent auditor a firm, including representatives of the firm responsible for the Company's audit, that meets the requirements of relevant law, the Public Accounting Oversight Board, the SEC and Nasdaq. The independent auditor shall be ultimately accountable to the Committee for all matters, including the audit of the Company's annual financial statements and related services. The Committee shall select, appoint and periodically evaluate the performance of the independent auditor and, if necessary, replace the independent auditor. At the discretion of the Committee or to the extent required by relevant law, Nasdaq or the SEC, the Committee shall recommend to the Board the nomination of the independent auditor for stockholder approval at any meeting of stockholders.

8. The Committee shall pre-approve the fees to be paid to the independent (or other) auditor(s) and any other terms of the engagement of the independent (or other) auditor for any and all services (whether auditing services, audit-related services, internal control-related services, tax services or permitted non-audit services), to be provided by the independent (or other) auditor, in advance of such services being provided. The Committee may delegate such pre-approval of services to the Committee Chair, and the Committee Chair shall provide subsequent notification to the Committee of any such pre-approval at the next scheduled meeting of the Committee.

9. The Committee shall receive from the independent auditor and review, at least annually, a written statement delineating all relationships between the independent auditor and the Company, consistent with Independence Standards Board Standard 1. The Committee shall actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that, in the view of the Committee, may impact the objectivity and independence of the independent auditor. If the Committee determines that further inquiry is advisable, the Committee shall take any appropriate action in response to the independent auditor's report to satisfy itself of the auditor's independence.

Annual Audit

10. The Committee shall meet with the independent auditor and management of the Company in connection with each annual audit to discuss the scope of the audit and the procedures to be followed.

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11. The Committee shall review and discuss the audited financial statements with the management of the Company.

12. The Committee shall discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 as then in effect including, among others, (i) the methods used to account for any significant unusual transaction reflected in the audited financial statements; (ii) the effect of significant and critical accounting policies in any

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controversial or emerging areas for which there is a lack of authoritative guidance or a consensus to be followed by the independent auditor; (iii) the process used by management in formulating particularly sensitive accounting estimates and the basis for the auditor's conclusions regarding the reasonableness of those estimates; and (iv) any disagreements with management over the application of accounting principles, the basis for management's accounting estimates or the disclosures in the financial statements.

13. The Committee shall, based on the review and discussions in paragraphs 11 and 12 above, and based on the disclosures received from the independent auditor regarding its independence and discussions with the auditor regarding such independence in paragraph 9 above, recommend to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K for the fiscal year subject to the audit.

14. The Committee shall review and discuss with management, including the senior internal audit manager and provider of internal audit services, and the independent auditor the Company's internal controls report and the independent auditor's attestation of the report prior to the filing of the Company's Annual Report on Form 10-K for the fiscal year subject to the audit.

Quarterly Review

15. The independent auditor is required to review the interim financial statements to be included in any Form 10-Q of the Company using professional standards and procedures for conducting such reviews, as established by generally accepted auditing standards as modified or supplemented by the SEC, prior to the filing of the Form 10-Q. The Committee shall discuss with management and the independent auditor in person, at a meeting, or by conference telephone call, the results of the quarterly review including such matters as significant adjustments, management judgments, accounting estimates, significant new accounting policies and disagreements with management. The Chair may represent the entire Committee for purposes of this discussion.

Internal Controls

16. The Committee shall discuss with the independent auditor and the senior internal audit manager, as well as management, at least quarterly, the adequacy and effectiveness of the accounting, financial and internal controls of the Company, and consider any recommendations for improvement of such internal control procedures.

17. The Committee shall discuss with the independent auditor and with management any material written communications between the independent auditor and management, including any management letter provided by the independent auditor (or other auditor) and any other significant matters brought to the attention of the Committee by the independent auditor (or other auditor) as a result of its annual or other audit. The Committee should allow management adequate time to consider any such matters raised by the independent auditor.

18. The Committee shall meet with the Company's Chief Executive Officer, Chief Financial Officer, and other Company management as appropriate and as required by relevant law, including rules adopted by the SEC and Nasdaq, on a regular basis to discuss the Company's internal controls structure and procedures and status, and disclosure controls and procedures and status.

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Internal Audit

19. The Committee shall discuss at least quarterly with the senior internal

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audit manager and provider of internal audit services the activities and organizational structure of the Company's internal audit function and the qualification of the primary personnel performing such function.

20. Management shall furnish to the Committee a copy of each internal audit report.

21. The Committee shall, at its discretion, meet with the senior internal audit manager and provider of internal audit services to discuss any reports or any other matters brought to the attention of the Committee by the senior internal audit manager.

22. The senior internal audit manager and provider of internal audit services shall be granted unfettered access to the Committee.

Other Responsibilities

23. The Committee shall review and reassess the Committee's charter at least annually and submit any recommended changes to the Board for its consideration.

24. The Committee shall provide the report for inclusion in the Company's Annual Proxy Statement required by Item 306 of Regulation S-K of the SEC.

25. The Committee shall establish procedures in compliance with requirements of relevant law, including rules adopted by the SEC, and Nasdaq, for addressing matters and complaints brought to the Committee's attention by employees of the Company or other individuals regarding accounting, internal accounting controls, auditing, or other matters, and shall ensure that such complaints brought by employees are treated confidentially and anonymously to the extent required by law.

26. The Committee shall be responsible for receiving, dealing with, and responding to legal compliance reports relating to actual or alleged material violations of the securities laws, material breaches of fiduciary duties, or similar material violations.

27. The Committee shall review and approve any related party transaction in advance of the Company's entering into any such related party transaction, and shall subsequently inform the Board of any such approval.

28. The Committee, through its Chair, shall report periodically, as deemed necessary or desirable by the Committee, but at least following its regularly scheduled meetings, to the full Board regarding the Committee's actions and recommendations, if any.

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[CABOT MICROELECTRONICS LOGO]

APPENDIX B

CABOT MICROELECTRONICS CORPORATION

AUDIT COMMITTEE PRE-APPROVAL POLICY FOR SERVICES TO BE PROVIDED BY INDEPENDENT AUDITOR

The Audit Committee (the "Committee") of Cabot Microelectronics Corporation (the "Corporation") has the sole and direct responsibility for selecting, appointing, terminating, compensating and overseeing the Company's independent auditor, as well as for resolving any disagreements between the independent

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auditors and management. Pursuant to the Committee's Charter, the Committee is required to pre-approve the audit and non-audit services performed by the Corporation's independent auditor in order to assure that the provision of such services does not impair the auditor's independence. Each type of service provided by the independent auditor will require specific pre-approval at a particular fee level by the Committee.

The Committee, through the Controller of the Corporation or another designated individual, will maintain a list of the Audit, Audit-related, Tax and All Other services that have been pre-approved by the Committee as of the particular date of the relevant list (the "List"), and will revise the list periodically, based on subsequent determinations of the Committee. The term of any pre-approval is twelve (12) months from the date of pre-approval, unless the Committee specifically provides for a different period.

I. DELEGATION

The Committee has delegated pre-approval authority to the Chairman of the Committee, and may delegate such pre-approval authority to others members of the Committee. The Chairman will report any pre-approval decisions to the Committee no later than at its next scheduled meeting. The Committee does not delegate its responsibilities to pre-approve services performed by the independent auditor to management.

II. AUDIT SERVICES

The annual Audit services engagement terms and fees will be subject to the specific pre-approval of the Committee. The Committee will approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope or other matters.

In addition to the annual Audit services engagement approved by the Committee, the Committee may grant pre-approval for other Audit services, which are those services that only the independent auditor reasonably can provide and such Audit services will be placed on the List. All other Audit services not on the List must be separately pre-approved by the Committee.

III. AUDIT-RELATED SERVICES

Audit-related services, including internal control-related services, are assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and that are traditionally performed by the independent auditor. The Committee believes that the provision of Audit-related services does not impair the independence of the auditor. The List will contain the pre-approved Audit-related services. All other Audit-related services not on the List, and all internal control-related services, must be separately pre-approved by the Committee.

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IV. TAX SERVICES

The Committee believes that the independent auditor can provide Tax services to the Corporation such as tax compliance, tax planning and tax advice without impairing the auditor's independence. However, the Committee will not permit the retention of the independent auditor in connection with a transaction initially recommended by the independent auditor, the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. The List will contain those Tax services that the Committee has pre-approved. All other Tax services not on the List must be separately pre-approved by the Committee.

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V. ALL OTHER SERVICES

The Committee may grant pre-approval to those permissible non-audit services classified as All Other services that it believes are routine and recurring services, and would not impair the independence of the auditor. The List will contain All Other services that the Committee has pre-approved. Permissible All Other services not on the List must be separately pre-approved by the Committee.

A list of the Security and Exchange Commission's (SEC's) prohibited non-audit services is attached to this policy as Exhibit 1. The SEC's rules and relevant guidance should be consulted to determine the precise definitions of these services and the applicability of exceptions to certain of the prohibitions.

VI. PRE-APPROVAL FEE LEVELS

At the time of pre-approval of services to be provided by the independent auditor, the Committee will establish an approved fee level for such services. Any increase in the fee level for such services will require additional specific pre-approval by the Committee.

VII. SUPPORTING DOCUMENTATION

With respect to each proposed pre-approved service, the Committee will be provided with detailed back-up documentation, regarding the specific services to be provided.

VIII. PROCEDURES

Requests to provide services will be submitted to the Committee by both the independent auditor and the Corporation's Chief Financial Officer, Treasurer, Controller, or other designated officer, and each will state whether, in their view, the request is consistent with the SEC's rules on auditor independence.

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EXHIBIT 1

PROHIBITED NON-AUDIT SERVICES

Bookkeeping or other services related to the accounting records or financial statements of the audit client*

Financial information systems design and implementation

Appraisal or valuation services*, fairness opinions or contribution-in-kind reports

Actuarial services*

Internal audit outsourcing services*

Management functions

Human resources

Broker-dealer, investment adviser or investment banking services

Legal services

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Expert services unrelated to the audit

(* may be allowed in limited circumstances if reasonable to conclude that the results of these services will not be subject to audit procedures; check relevant SEC rules)

CABOT MICROELECTRONICS CORPORATION
C/O EQUISERVE TRUST COMPANY N.A.
P.O. BOX 8694
EDISON, NJ 08818-8694

YOUR VOTE IS IMPORTANT. PLEASE VOTE IMMEDIATELY.

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DETACH HERE IF YOU ARE RETURNING YOUR PROXY CARD BY MAIL

/x/ PLEASE MARK
VOTES AS IN
THIS EXAMPLE.

Our board of directors recommends that you vote your shares "FOR" the election of each of the nominees named below under Proposal 1 and "FOR" the ratification of the selection of PricewaterhouseCoopers LLP as the company's independent auditors for fiscal year 2005 under Proposal 2.

- 1. Approval of the election to the board of directors of (01) Steven V. Wilkinson and (02) Robert J. Birgeneau for terms expiring in 2008.

FOR BOTH // // WITHHOLD
(EXCEPT AS MARKED AUTHORITY
TO THE CONTRARY) FOR BOTH

// -----
INSTRUCTION: TO WITHHOLD AUTHORITY TO VOTE FOR EITHER NOMINEE, MARK THE BOX ABOVE AND WRITE THAT NOMINEE'S NAME IN THE SPACE PROVIDED ABOVE.

FOR AGAINST ABSTAIN
2. Ratification of the selection of // // //
PricewaterhouseCoopers LLP as the

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company's independent auditors for
fiscal year 2005.

MARK HERE FOR ADDRESS CHANGE AND NOTE AT LEFT / /

The persons named in this proxy also may vote, in their discretion,
upon such other matters as may properly come before the meeting or
any postponement or adjournment thereof.

PLEASE COMPLETE, SIGN, AND MAIL THIS PROXY PROMPTLY IN THE
ENCLOSED ENVELOPE. NO POSTAGE IS REQUIRED FOR MAILING IN THE
UNITED STATES.

IMPORTANT: Please date this proxy and sign exactly as your name
appears on this proxy. If shares are held by joint tenants, both must
sign. When signing as attorney, executor, administrator, trustee or
guardian, please give title as such. If a corporation, please sign in full
corporate name by president, or authorized officer. If a partnership,
please sign in partnership name by authorized person.

Signature:_____ Date:_____ Signature:_____ Date:_____

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ZCBM32

PROXY

CABOT MICROELECTRONICS CORPORATION
ANNUAL MEETING OF STOCKHOLDERS - MARCH 8, 2005
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY

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The undersigned stockholder of CABOT MICROELECTRONICS CORPORATION, a Delaware corporation (the "Company"), hereby appoints William P. Noglows and H. Carol Bernstein, and each of them, proxies and attorneys-in-fact of the undersigned, each with full power of substitution, to attend and act for the undersigned at the Annual Meeting of Stockholders to be held on Tuesday, March 8, 2005 at 8:00 a.m. local time at Cabot Microelectronics Corporation, 870 North Commons Drive, Aurora, Illinois 60604, and at any adjournments or postponements thereof, and in connection therewith to vote and represent all of the shares of common stock of the Company which the undersigned would be entitled to vote.

Each of the above named proxies at said meeting, either in person or by substitute, shall have and exercise all of the powers of said proxies hereunder. In their discretion, each of the above-named proxies is authorized to vote upon such other business incident to the conduct of the Annual Meeting as may properly come before the meeting or any postponements or adjournments thereof. The undersigned hereby revokes all prior proxies given by the undersigned to vote at said meeting.

IF NO INSTRUCTIONS ARE INDICATED HEREIN, THIS PROXY WILL BE TREATED AS A GRANT OF AUTHORITY TO VOTE FOR THE PROPOSALS AND ANY OTHER MATTERS TO BE VOTED UPON AT THE ANNUAL MEETING OR AT ANY POSTPONEMENTS OR ADJOURNMENTS THEREOF.

SEE REVERSE
SIDE

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

SEE REVERSE
SIDE