

Cabot Microelectronics Corporation Corporate Governance Guidelines

Cabot Microelectronics Corporation (“Cabot Microelectronics”) is a Delaware corporation listed on the NASDAQ Stock Market LLC (NASDAQ). Cabot Microelectronics and its Board of Directors (“Board”) operate pursuant to Cabot Microelectronics’ certificate of incorporation and bylaws, and in accordance with applicable federal and state laws and regulations, and the listing standards of NASDAQ. The Board conducts itself in accordance with these requirements, and in addition operates pursuant to these Corporate Governance Guidelines, Board committee charters, and resolutions adopted by the Board from time to time. Also, Cabot Microelectronics’ Directors, as well as its officers and employees, comport themselves in accordance with Cabot Microelectronics’ Code of Business Conduct. These Corporate Governance Guidelines will be reviewed by the Nominating and Corporate Governance Committee at least annually, and are subject to future revision as the Board, upon the recommendation of the Nominating and Corporate Governance Committee, may find advisable; the Nominating and Corporate Governance Committee will submit any recommended changes to the Board for its consideration.

I. BOARD COMPOSITION AND RELATED MATTERS

- A. Board Size. The Board currently has seven members, and periodically evaluates the appropriate size of the Board, upon recommendation from the Nominating and Corporate Governance Committee.
- B. Selection of Board Members; Membership Criteria. Board members are elected for three-year terms by Cabot Microelectronics’ stockholders. 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 with respect to such candidates.

Candidates are selected by the Nominating and Corporate Governance Committee based on their character and reputation, relevant business experience and acumen, and relevant educational background. Some of the factors that are considered in evaluating candidates for the Board are experience in areas such as technology, manufacturing, marketing, finance, strategy, international business, and academia, as well as geographic and cultural diversity. The Nominating and Corporate Governance Committee considers and reviews with the Board from time to time the appropriate criteria desired for board members in the context of the current needs of Cabot Microelectronics and the composition of the Board.

If and to the extent implemented, nominees for Director also may be made directly by stockholders pursuant to rules and regulations established by the Securities and Exchange Commission (“SEC”), NASDAQ, as well as pursuant to other applicable federal and state laws.

Board members are expected to prepare for, attend, and participate in all Board and applicable committee meetings. The Nominating and Corporate Governance Committee considers a Director’s past attendance record,

participation and contribution to the Board in considering whether to recommend the reelection of such Director.

- C. Voting for Directors. In an uncontested election, any nominee for Director who receives a greater number of votes “withheld” from his or her election than votes “for” such election (a “Majority Withheld Vote”) shall promptly tender his or her resignation following certification of the stockholder vote for such election. The Nominating and Corporate Governance Committee shall consider the resignation offer and recommend to the Board whether to accept it. The Board then will act on the Nominating and Corporate Governance Committee’s recommendation within ninety (90) days following certification of the stockholder vote for such election. Thereafter, the Board will promptly disclose its decision whether to accept the Director’s resignation offer (and the reasons for rejecting the resignation offer, if applicable), in a press release to be disseminated in the manner that Cabot Microelectronics typically distributes press releases. Any Director who tenders his or her resignation pursuant to this provision shall recuse himself or herself from participation in the Nominating and Corporate Governance Committee’s and Board’s action regarding whether to accept the resignation offer. If each member of the Nominating and Corporate Governance Committee received a Majority Withheld Vote at the same election, then the Independent Directors who did not receive a Majority Withheld Vote shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them. If the only Directors who did not receive a Majority Withheld Vote in the same election constitute three or fewer directors, then all Directors may participate in the action regarding whether to accept the resignation offers.
- D. Mix of Independent and Non-Independent Directors. The Board believes that it should be composed of a substantial majority of Independent Directors. In determining whether a director is “independent”, the Board applies the definition of “Independent Director” as set forth in the listing standards of NASDAQ and applicable laws and regulations (see Exhibit 1).
- E. Directors Who Change Their Job Responsibilities. Pursuant to Cabot Microelectronics’ Nominating and Corporate Governance Committee Charter, a Director who has a change in employment or other for-profit board memberships shall notify the Committee of such, offer to tender his or her resignation, and the Committee shall recommend to the Board whether such Director should remain on the Board, based on whether the Board deems that continued service on the Board is appropriate in light of the change.
- F. Other Board Service. While it is the sense of the Board that Directors should serve as a director of no more than four publicly traded companies, the Board believes that it should evaluate the abilities and contributions of each Director according to the process described above. Service on boards and/or committees of other entities should be consistent with Cabot Microelectronics’ Code of Business Conduct provisions regarding conflict of interest.

- G. Term Limits. The Board does not believe it should limit the number of terms for which an individual may serve as a Director, because Directors who have served on the Board for an extended period of time are able to provide valuable insight into Cabot Microelectronics and its operations over time. The Board believes that it can ensure the ongoing evolution of the Board and the addition of new perspectives through the evaluation and selection process of Directors described above.
- H. Retirement Policy. While it is the general sense of the Board that Directors should not stand for reelection or be nominated to serve as a Director as of the age of 72, the Board believes that it should evaluate the abilities and contributions of each director according to the process described above.
- I. Selection of Chief Executive Officer (CEO) and Chairman. The Board selects Cabot Microelectronics' CEO and Chairman; at present, these positions are held by different persons

II. BOARD MEETINGS

- A. Scheduling. Regular Board meetings are scheduled in advance and generally held quarterly. In addition, additional meetings may be called upon appropriate notice at any time to address the needs of Cabot Microelectronics. The Board also may take action by unanimous written consent from time to time.
- B. Agenda. The Chairman, in consultation with the CEO, taking into account suggestions from other Directors and working with the chair of the Nominating and Corporate Governance Committee, sets the agenda for each Board meeting. Any member of the Board may request that an item be included on the agenda.
- C. Material Distributed in Advance. Information related to the Board's understanding of matters to be discussed at Board meetings should be distributed to all Board members in advance of the meeting at which the topics to which the materials pertain will be presented, whenever feasible and appropriate. Certain sensitive topics may be discussed at Board meetings without materials having been distributed in advance of, or at, the meeting.
- D. Interaction with Employees. Cabot Microelectronics' management is encouraged to invite employees to any Board meeting at which their responsibilities would assist the Board in gaining a full understanding of matters being considered by the Board, and the Board has access to meet with CMC employees.
- E. Meetings of Independent Directors. The Board's Independent Directors meet separately in executive session (with no inside directors or management present) as part of the regularly scheduled Board meetings. The chair of the Nominating and Corporate Governance Committee chairs these meetings of the Independent Directors.

III. BOARD COMMITTEES

- A. Number and Types of Committees. The Board currently has three standing committees: Audit; Compensation; and, Nominating and Corporate Governance. Each committee operates according to a written charter, which is approved by the Board. Each committee performs its duties as assigned by the Board in compliance with Cabot Microelectronics' bylaws and each respective committee's charter. Each committee, as well as the Board and Independent Directors, has the authority to engage outside advisors and counsel to the extent it considers appropriate. Pursuant to legal and regulatory requirements and Cabot Microelectronics' bylaws and charter, the Board may add new, or remove existing, committees at it deems advisable. The general duties of the committees are:
- *Audit Committee:* The Audit Committee's functions include selecting, appointing, compensating and overseeing Cabot Microelectronics' auditors, deciding upon and approving in advance the scope of audit and non-audit assignments and related fees, and reviewing accounting principles Cabot Microelectronics uses in financial reporting, internal auditing procedures and the adequacy of Cabot Microelectronics' internal control procedures.
 - *Compensation Committee:* The Compensation Committee's functions include reviewing and approving the compensation and benefits for Cabot Microelectronics' employees, evaluating and deciding upon the compensation of executive officers, including the chief executive officer, overseeing the administration of Cabot Microelectronics' employee benefit plans, authorizing and ratifying equity award programs, grants and awards, and other incentive arrangements, and authorizing employment and related agreements.
 - *Nominating and Corporate Governance Committee:* The Nominating and Corporate Governance Committee's functions 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 Cabot Microelectronics Directors, and attending to general corporate governance matters.
- B. Composition of Committees; Committee Chairs. Each of the committees is composed solely of Independent Directors, with the Chairman serving *ex officio* on the Nominating and Corporate Governance Committee. The Board, upon recommendation from the Nominating and Corporate Governance Committee, appoints committee members.
- C. Committee Meetings. The chair of each committee is responsible for developing, with relevant Cabot Microelectronics managers, the committee's agenda for meetings, and will determine the frequency and length of committee meetings. The agendas and meeting minutes of each committee are shared with the full Board, and other Board members may attend committee meetings.

IV. BOARD COMPENSATION

- A. The Board believes that compensation for service as a Director of the Board should be a combination of cash and equity-based compensation. Directors who are also employees of Cabot Microelectronics (“inside directors”) are not paid for Board membership in addition to their regular employee compensation. Independent Directors do not receive consulting, advisory or other compensation from Cabot Microelectronics in addition to their compensation for service as a Director. The Board, through the evaluation and recommendation of the Nominating and Corporate Governance Committee, reviews Board compensation in comparison to companies comparable to Cabot Microelectronics, and may engage the services of compensation consultants who satisfy any “independence” or other requirements of relevant law, including rules adopted by the SEC and NASDAQ, as well as Cabot Microelectronics’ management to do so.

V. MANAGEMENT AND BOARD REVIEW; RISK OVERSIGHT

- A. Annual Evaluation of the Chief Executive Officer’s Performance. The Board, through the Compensation Committee and in consultation with other independent Directors, reviews the performance of the CEO annually. The Board, through the Compensation Committee and in consultation with the CEO, also reviews the performance of Cabot Microelectronics’ other executive officers annually.
- B. Succession Planning. The Board, through the Nominating and Corporate Governance Committee, works with the CEO annually to plan for CEO and other executive officer succession, which may be done in concert with the Compensation Committee.
- C. Board Self-Evaluation. The Nominating and Corporate Governance Committee conducts an annual evaluation of the performance of the full Board, and reports its conclusions to the Board.
- D. Risk Oversight. The Board is responsible for oversight of Cabot Microelectronics’ risk assessment and management posture and policies, in general, and with respect to relevant company- and industry-specific risks that may apply to Cabot Microelectronics. The Board shall discuss with management Cabot Microelectronics’ significant risk exposures and the steps management has taken to monitor and control such exposures, including Cabot Microelectronics’ risk assessment and risk management policies with respect thereto. Among other things, the Board’s discussions on these matters shall be informed by the Audit Committee’s consideration of the Company’s significant financial risk exposures and related risk assessment and risk management policies.

Nothing contained in these Corporate Governance Guidelines 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 these Corporate

Governance Guidelines is intended to alter or impair the right of the members of the Board under the Delaware General Corporation Law to rely, in discharging their responsibilities, on the records of the Corporation and on other information presented to the Board, the Committees of the Board, or the Corporation by officers or employees or by outside advisors and experts, if any.

Exhibit 1

"Independent Director" means a person other than an officer or employee of Cabot Microelectronics or its subsidiaries or any other individual having a relationship which, in the opinion of Cabot Microelectronics' Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. The following persons shall not be considered independent:

- (a) a Director who is employed by Cabot Microelectronics or by any parent or subsidiary of Cabot Microelectronics for the current year or any of the past three years;
- (b) a Director who accepts or who has a non-employee Family Member* (or executive employee Family Member*) who accepts any compensation or payments from Cabot Microelectronics or any parent or subsidiary of Cabot Microelectronics in excess of \$120,000 during any period of twelve consecutive months within the 3 years preceding the determination of independence, including political contributions, but other than compensation for Board or Board committee service, payments arising solely from investments in Cabot Microelectronics' securities, benefits under a tax-qualified retirement plan, non-discretionary compensation or loans permitted under Section 13(k) of the Exchange Act;
- (c) a Director who is a family member* of an individual who is, or in past three years was, employed by Cabot Microelectronics or any parent or subsidiary of Cabot Microelectronics as an executive officer;
- (d) a Director who is, or has a family member* who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which Cabot Microelectronics made, or from which Cabot Microelectronics received, payments for property or services in the current or any of the past three fiscal years* that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than the following: payments arising solely from investments in Cabot Microelectronics' securities or payments under non-discretionary charitable contribution matching programs;
- (e) a Director who is, or has a family member* who is, employed as an executive officer of another entity where any of Cabot Microelectronics' executive officers serve on the compensation committee of such other entity, or if such relationship existed with the past 3 years;
- (f) a Director who is, or has a family member* who is, a current partner of the PricewaterhouseCoopers (PWC), Cabot Microelectronics' independent auditors, or was a partner or employee of PWC and who worked on Cabot Microelectronics' audit within the past 3 years;
- (g) a Director who owns or controls* 20% or more of Cabot Microelectronics' voting securities.