

**CABOT MICROELECTRONICS CORPORATION
ANNUAL MEETING OF STOCKHOLDERS
TUESDAY, MARCH 6, 2018
8:00 A.M. CENTRAL TIME**

THE CHAIRMAN OF THE MEETING – William P. Noglows
THE SECRETARY – Carol Bernstein

NOGLOWS:

Good morning, I am Bill Noglows, Chairman of the Board of Cabot Microelectronics Corporation, and along with David Li, President and Chief Executive Officer and Director, I am pleased to welcome you to our Annual Meeting of Stockholders.

The script of our Annual Meeting will be available following the meeting through our website at cabotcmp.com. I would like to remind all of you that our conversation today may include statements that constitute forward looking statements. Such statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from these forward looking statements, and we assume no obligation to update them.

Carol Bernstein, the General Counsel and Secretary of our Company, will act as Secretary of the Meeting.

First, I would like to emphasize our appreciation for our Board of Directors, and the advice and guidance provided to our company.

I would like to acknowledge the other members of our Board of Directors who are with us today in person:

Rick Hill
Barb Klein
Paul Reilly
Susan Whitney, and
Geoff Wild.

The first order of business for our annual meeting is to organize the meeting and determine the presence of a quorum. Will all stockholders

present and wishing to vote in person by ballot, and all persons holding proxies not previously filed, please report to the Secretary and deliver their ballots and proxies to her.

On or about January 23, 2018, our Board of Directors sent notice of this meeting to all stockholders of record as of the close of business on January 12, 2018.

The list of stockholders entitled to vote at this meeting has been open to the examination of stockholders at the Company's executive offices for more than ten days prior to this meeting as required by Delaware law.

Liz Valente of Cabot Microelectronics has been appointed Judge to tabulate the stockholders' votes.

Various affidavits regarding the mailing of the proxy material and the maintenance of the stockholder lists and the Oath and Certificate of the Judge will be filed with the minutes of this meeting.

I now ask the Secretary to report the number of shares represented at this meeting.

BERNSTEIN:

Out of 25,540,950 shares of Common Stock entitled to vote at this meeting, there are present in person or represented by proxy at least 23,805,561 shares, or approximately 93.20% of such shares.

NOGLOWS:

A quorum is present and we may proceed with the business of the meeting:

The next order of business is the election of directors. Our Board is currently comprised of seven directors. The Board is divided into three classes: Class I, whose terms will expire at the 2019 annual meeting, Class II, whose terms will expire at the 2020 annual meeting, and Class III, whose terms will expire at this meeting. At this meeting, we will elect three Class III directors to hold office until the 2021 Annual Meeting of

Stockholders. The Secretary will now report on the nominees for Class III directors.

BERNSTEIN:

I will ask the three nominees to identify themselves respectively by saying “aye” when I read their names: The Board of Directors has nominated Barbara A. Klein, David H. Li, and William P. Noglows, each of whom currently serves on our Board, as directors of the Company to serve until the 2021 Annual Meeting of Stockholders or until their successors have been duly elected and qualified. In the Proxy Statement we provided you with information regarding the business experience of each of these individuals.

Does anyone second these nominations?

SCOTT BEAMER:

I second the nominations.

NOGLOWS:

The third order of business is the non-binding advisory vote on our company’s named executive officer compensation, as described in the Compensation, Discussion and Analysis section and related compensation tables of our Proxy Statement. We provided you with information regarding this matter in the Proxy Statement. Our Board of Directors recommends a vote in favor of this proposal. Does anyone second this proposal, which I move.

BEAMER:

I second the motion.

NOGLOWS:

The fourth order of business is the ratification of the selection of PricewaterhouseCoopers LLP as the company's independent auditors for fiscal year 2018. We provided you with information regarding our

independent auditors and the services they provide in the Proxy Statement. I will now entertain a motion regarding this proposal.

BERNSTEIN:

I so move.

BEAMER:

I second the motion.

BERNSTEIN:

The election of directors, the non-binding advisory vote on executive compensation, and the ratification of the selection of PricewaterhouseCoopers as the company's independent auditors will be put to vote by ballot. The affirmative vote of a plurality of the shares represented in person or by proxy at this meeting will be necessary for the election of each director. The affirmative vote of a majority of the shares represented in person or by proxy at this meeting will be necessary to approve the non-binding advisory vote on named executive officer compensation and ratify the selection of the company's auditors.

NOGLOWS:

While the voting is being completed and the results are tabulated by the Judge, David will provide you with a review of our business.

LI:

Thanks, Bill. Good morning, everyone, and thanks for joining us.

My comments this morning will be brief, since we covered our results and accomplishments in fiscal 2017 at length in our year-end conference call in October and in our 2017 annual report.

Fiscal 2017 was a year of record annual results for revenue, diluted earnings per share and cash flow from operations. Our focused business model, continued technology leadership, and strong execution of our strategies, enabled us to grow revenue by approximately 18 percent and

diluted earnings per share by approximately 40 percent, compared to the prior year, and generate cash from operations of approximately \$140 million dollars.

With great people all over the world, we continued to focus on three key product areas – tungsten slurries, dielectrics slurries and CMP pads.

In tungsten slurries, during fiscal 2017 we achieved record revenue and year-over-year revenue growth of approximately 19 percent driven by 3D NAND and FinFET technologies. Building on our robust intellectual property portfolio, we have introduced approximately 15 advanced tungsten solutions over the last three years, and our customers continue to be delighted by our quality and supply chain excellence. From this strength, we expect continued profitable growth in our tungsten product area.

In dielectrics slurries, we continued to implement a broad transformation of this product area, and our success during fiscal 2017 was a key contributor to the approximately 21 percent year-over-year revenue growth. Throughout the year, we continued the qualification of our colloidal silica-based dielectrics solutions, improving our profitability, and we also experienced strong demand for our high-performing ceria-based dielectrics slurries, which have provided our customers with significantly lower cost of ownership. As a result of our efforts, we are achieving strong growth and profitability from these ceria and colloidal solutions.

In polishing pads, during fiscal 2017 we achieved record revenue and year-over-year revenue growth of approximately 32 percent. Our growth in this area is a result of continued broad customer adoption of our products as we leverage our global capabilities to speed the qualification of our pad offerings. Based on the momentum we have achieved in this product area over the past several years, we continue to believe we can grow our pads revenue to over \$100 million dollars in fiscal 2019, which would reflect compound annual growth of at least 20 percent since fiscal 2017.

Based on our overall accomplishments and achievements in fiscal 2017, we believe we are well-positioned for continued success in fiscal 2018. In January we announced a very strong start to the current fiscal year. During our first quarter, we realized record revenue, approximately 14 percent higher than in the same quarter last year, our gross profit margin was up

300 basis points compared to last year, and operating income increased 370 basis points.

When we reported our first quarter results on January 25th, we discussed our expectation for revenue from our IC CMP consumables products in the March quarter to be flat to slightly higher than the record level of revenue we achieved in our first fiscal quarter. This is notable, since the March quarter is traditionally seasonally softer than the December quarter. Our views at this time are consistent with our comments then.

Our strong profitability and cash flow generation have enabled us to pursue a balanced capital deployment strategy over the years. Specifically, over the past 18 years since becoming a public company we have invested approximately \$360 million dollars organically to expand and improve our capabilities in our CMP consumables business, nearly \$385 million dollars in dividends to our shareholders, approximately \$230 million dollars in acquisitions, all funded from our available cash balance, and roughly \$375 million dollars under several share repurchase programs. Notably, over this period we have distributed over \$760 million dollars to shareholders through a combination of dividends and share repurchases.

I am pleased to announce this morning an update to our capital deployment strategy, including the continuation of our demonstrated focus on distributing cash to our shareholders. Yesterday our Board of Directors declared a quarterly cash dividend of 40 cents per share on our common stock, representing a 100 percent increase over the prior regular quarterly cash dividend paid of \$0.20 per share. This also represents a yield of approximately 1.5 percent based on yesterday's closing stock price. The 40 cent dividend would represent an annualized rate of \$1.60 per share, or approximately \$40 million dollars in aggregate, equivalent to approximately 33 percent of our fiscal 2017 free cash flow¹.

In addition, we announced our intention to distribute at least 50 percent of our prior fiscal year free cash flow to our shareholders on an ongoing basis through a combination of cash dividends and share repurchases. This combination would represent at least \$60 million dollars, based on our fiscal 2017 free cash flow of approximately \$120 million dollars. As of December 31, 2017, we had approximately \$120 million dollars of authorization remaining under our existing share repurchase program. We believe the increase in our regular quarterly cash dividend and our ongoing

intention to distribute at least half of our free cash flow, in parallel with our focus on M&A in related areas which would leverage our core capabilities, demonstrates our confidence in our future performance and cash generation capabilities, and our continued commitment to delivering value to our shareholders. Our capital deployment priorities remain (1) investing in the organic needs of our business, (2) paying dividends, (3) executing mergers and acquisitions, and (4) repurchasing shares.

Separately, as a result of the recent passage of the U.S. Tax Cuts and Jobs Act, we intend to repatriate a substantial amount of our approximately \$275 million dollars in overseas cash and short-term investments, and utilize a portion to repay our existing term loan. We expect to save approximately \$4 million dollars in interest expense on an annualized basis.

Let me conclude my comments today by emphasizing my belief that we are well-positioned for continued profitable growth, faster than the IC CMP consumables market, based on significant momentum we continue to see in our tungsten, dielectrics and polishing pads product areas, including CMP slurry and pad consumable sets. We believe that our effective execution in these areas, including our global resources, capabilities and infrastructure, differentiate us among leading suppliers of specialty materials to the semiconductor industry, and position us well to continue to deliver significant value to our shareholders. On behalf of all of our employees around the world, I would like to thank our stockholders for your continued support over the years.

And with that, I will turn the meeting back to Bill.

NOGLOWS:

Thank you, David. I now will open the meeting up to questions from the audience. Are there any questions?

At this time I would like to continue with the business of the meeting.

BERNSTEIN:

I have received the Report of the Judge and am pleased to announce the vote:

In the election of directors: Each nominee received at least 21,222,118 votes, or approximately 94% of shares voted. Barbara A. Klein, David H. Li and William P. Noglows therefore have been elected as directors of the Company to serve until the 2021 Annual Meeting of Stockholders or until their successors have been duly elected and qualified.

With respect to the non-binding advisory vote on the Company's named executive officer compensation, at least 20,921,102 votes or approximately 92.77% of shares cast on this matter, have been voted in favor of approving the Company's named executive officer compensation; therefore, the Company's named executive officer compensation is approved by non-binding advisory vote.

Finally, at least 23,142,882 shares, or approximately 97.21% of shares cast on this matter, have been voted in favor of ratifying the selection of the company's independent auditors for fiscal year 2018; therefore, the selection of PricewaterhouseCoopers LLP is ratified.

The Report of the Judge will be attached to the minutes of the meeting and the ballots cast will be filed with the records of the meeting.

NOGLOWS:

Is there any other business to come before the meeting?

I would now like to introduce Colleen Harrison, a partner with PricewaterhouseCoopers, the Company's independent auditors, who is here with us and would be pleased to respond to appropriate questions. Are there any questions? Thank you, Colleen.

At this time, we have transacted all business to be conducted at this meeting. Is there a motion that the meeting be adjourned?

BEAMER:

I move that the meeting be adjourned.

BERNSTEIN:

I second the motion.

NOGLOWS:

All those in favor, say aye.

Opposed?

The meeting is now adjourned. Thank you for attending and supporting Cabot Microelectronics.

¹ Free cash flow is cash provided by operating activities less capital expenditures.