

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

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

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

EXCHANGE ACT OF 1934

Filed by Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

(Exact name of Registrant as Specified in Its Charter)

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

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(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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CABOT MICROELECTRONICS CORPORATION

870 North Commons Drive

Aurora, Illinois 60504

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held March 6, 2012

To our Stockholders:

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

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

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

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

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

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

By order of the Board of Directors,

William P. Noglows

Chairman of the Board

Aurora, Illinois

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

on or about January 20, 2012.

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CABOT MICROELECTRONICS CORPORATION

870 North Commons Drive

Aurora, Illinois 60504

PROXY STATEMENT

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

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

ABOUT THE MEETING

What is the purpose of the annual meeting?

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

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

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

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

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

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What are our voting recommendations?

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

Who is entitled to vote?

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

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

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

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

What constitutes a quorum?

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

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

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

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

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

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

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

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

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

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

the approval of our 2012 Omnibus Incentive Plan; and

the ratification of the selection of our independent auditors.

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

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

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

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

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

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

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

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

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

What happens if additional proposals are presented at the meeting?

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

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

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

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

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

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

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

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

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

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

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

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

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

each of our directors;

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

all of our directors and executive officers as a group.

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

Stock Ownership Table

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

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90 Hudson Street

Jersey City, New Jersey 07302

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

Valley Forge, Pennsylvania 19482

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

Shawnee Mission, Kansas 66295

DIRECTORS AND EXECUTIVE OFFICERS:

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

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

* = less than 1%

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

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

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

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

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

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

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

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

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

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

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

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

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

* Includes Restricted Stock Units

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

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

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

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

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

Section 16(a) Beneficial Ownership Reporting Compliance

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

Existing Equity Compensation Plan Information

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

ELECTION OF DIRECTORS

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

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

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

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

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

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

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

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

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

Directors whose terms continue until 2013:

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

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

Directors whose terms continue until 2014:

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

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

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

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

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

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

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

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

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

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

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

is able to read and understand fundamental financial statements.

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

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

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

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

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

Criteria for Nominating Directors

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

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

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

Compensation of Directors

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

2011 Director Compensation

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

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

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

- * Nominating and corporate governance committee chairman

- ** Compensation committee chairman

- *** Audit committee chairman

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

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

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

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

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

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

During fiscal year 2011, no awards to any of our non-employee directors were adjusted, modified or cancelled (forfeited).

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The aggregate number of stock awards and the aggregate number of stock option awards for each non-employee director that were outstanding as of the end of fiscal year 2011 are, as follows:

Name	Aggregate Number of Awards Outstanding as of September 30, 2011	
	Stock Awards*	Option Awards
Mr. Birgeneau	5,000	50,000
Mr. Frazee	5,000	75,000
Mr. Fuller	5,000	90,000
Ms. Klein	5,000	31,500
Mr. Mooney	5,000	65,000
Mr. Wilkinson	5,000	75,000
Mr. Xia	5,000	37,500

* Includes Restricted Stock Units.

Our non-employee directors received an aggregate of 42,000 stock options and 14,000 restricted stock units in fiscal year 2011.

On December 13, 2011, we announced that our board of directors determined to pursue a significant new capital management initiative, including a proposed leveraged recapitalization, intended to more efficiently allocate our company's capital and provide additional value to our shareholders, via a special cash dividend to our stockholders of \$15 per share, or approximately \$345 million in aggregate. We intend to pay the special cash dividend, approximately half of which is expected to be funded from our company's cash balance, with the remaining amount expected to be funded with a new term loan, during the first quarter of calendar year 2012, contingent upon arranging the associated financing with terms and conditions that are acceptable to us. Our non-employee directors are stockholders in our company, and along with our executive officers and employees who also are stockholders will be entitled to receive any special cash dividend payment on shares they hold in our company as of the record and payment date for the special cash dividend.

In addition, in accordance with the terms of our 2000 Equity Incentive Plan, the maximum number and kind of shares of our common stock or other equity interest as to which awards may be granted, the number of shares of common stock or other equity interest subject to outstanding awards, and the exercise prices for outstanding options, will be proportionally adjusted to preserve the value of such awards as a result of the special cash dividend. Our 2012 Omnibus Incentive Plan also contains terms requiring that the aggregate number and kind of shares of our common stock or other securities reserved for issuance and delivery under the 2012 Omnibus Incentive Plan, as well as the various maximum limitations with respect to certain types of awards and the grant to individuals of certain types of awards, be appropriately and equitably adjusted in order to reflect the impact of the special cash dividend, regardless of whether the special cash dividend is paid prior to or after our stockholders' approval of the 2012 Omnibus Incentive Plan. To the extent that there are outstanding awards under the 2012 Omnibus Incentive Plan as of the record date and payment date of the special cash dividend, the number and kind of shares of our common stock or other securities subject to such outstanding awards, and the exercise price of outstanding options and stock appreciation rights, will also be appropriately and equitably adjusted in order to reflect the impact of the special cash dividend. These mandatory adjustments in connection with the leveraged recapitalization via a special cash dividend would apply to outstanding awards under our 2000 Equity Incentive Plan (and our 2012 Omnibus Incentive Plan, if such plan is approved by our stockholders) held by our non-employee directors in the same manner as they would to outstanding awards held by our named executive officers, other executive officers, and other employees. Because, as of the date of this proxy statement, the proposed leveraged recapitalization via a special cash dividend has not yet been implemented, and no special cash dividend has yet been declared or paid, such adjustments under the 2000 Equity Incentive Plan and the 2012 Omnibus Incentive Plan have not occurred as of the date of this proxy statement, and we do not know the precise amounts of such adjustments. Thus, amounts set forth and discussed in this section, as well as in the beneficial ownership section, compensation discussion and analysis section, compensation tables, and the Approval of 2012 Omnibus Incentive Plan section of this proxy statement, are

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shown without giving effect to any such adjustments. For more information regarding the mandatory adjustments in connection with the proposed leveraged recapitalization via a special cash dividend, see APPROVAL OF 2012 OMNIBUS INCENTIVE PLAN.

³ In September, 2011 the board of directors held its quarterly meetings in Chicago, Illinois, and the company asked the spouses of directors to attend the meetings. Although the company views such spousal travel expenses as business related, in light of certain Internal Revenue Service practices, we have treated such expenses, which represent travel, food and lodging, tax and related expenses and which are reflected as the amounts in the column headed All Other Compensation, as compensation to each affected director.

As provided in our Corporate Governance Guidelines and the nominating and corporate governance committee charter, the nominating and corporate governance committee is responsible for reviewing and recommending to the board of directors compensation (cash and equity) for non-employee directors. The committee does this through review of director compensation benchmark information and analysis provided by W.T. Haigh, director compensation consultant to the committee.

As a result of such review following the close of fiscal year 2010, effective March 2011 at the time of our annual meeting, the board of directors, upon the recommendation of the nominating and corporate governance committee, approved certain changes to the compensation program for non-employee directors, as summarized below, and for 2011, non-employee directors were eligible for the following compensation:

Description of Director Compensation Effective March 2011	Amount
Annual Retainer Fee*	\$ 60,000
Committee Membership Fee*:	
Audit committee member	\$ 12,500
Compensation committee member	\$ 10,000
Nominating and corporate governance committee member	\$ 10,000
Committee Chair Annual Retainer Fees*:	
Audit committee chairperson	\$ 25,000
Compensation committee chairperson	\$ 15,000
Nominating and corporate governance committee chairperson	\$ 15,000
No Standing Committee or Board Meeting Fees**	
Annual Non-qualified Stock Option Grant***	6,000 options
Annual Restricted Stock Unit Award***	2,000 units
Initial Non-qualified Stock Option Grant****	7,500 options
Initial Restricted Stock Unit Award****	2,500 units

* Paid quarterly beginning with the quarter end following each the effective date of appointment, and subsequently, beginning with the quarter end following our annual meeting

** To the extent a special committee is established by board of directors to address a unique matter, committee meeting fee of \$1,500 will be provided

*** Made at the time of our annual meeting, with 100% vesting occurring on the first anniversary of the grant/award date

**** Made as of the effective date of appointment to the board of directors, with vesting occurring 25% immediately on the grant/award date, and 25% per year on the next three anniversaries of the grant/award date

Upon a non-employee director's termination of service as a director of the company for reason of Death, Disability or a Change in Control, as defined in the 2000 Equity Incentive Plan and/or an award agreement, the grant or award will continue to be fully vested. In addition, if at the time of termination of service for any reason other than by reason of Cause, Death, Disability or a Change in Control, as defined in the 2000 Equity Incentive Plan, the non-employee director has completed at least two full terms as a director, as defined in our bylaws, the grant or award will continue to be fully vested.

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Under our Directors' Cash Compensation Umbrella Program, which only applies to non-employee directors and is filed as an exhibit to our Annual Report on Form 10-K filed with the SEC on December 10, 2003, each non-employee director may choose to receive his compensation either in cash, in fully vested restricted stock under our 2000 Equity Incentive Plan (and the 2012 Omnibus Incentive Plan, if such plan is approved by our stockholders) (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, as amended September 23, 2008, which first became effective in March 2001, and is filed as an exhibit to our Annual Report on Form 10-K filed with the SEC on November 25, 2008. At present, non-employee directors receive their annual retainer and committee chair and member fees on a quarterly basis. Non-employee directors also are eligible for reimbursement of travel and other out-of-pocket costs incurred in attending meetings. Non-employee directors are not eligible for any other compensation arrangement.

Prior to January 1, 2008, Messrs. Frazee, Fuller, Mooney, and Wilkinson had each elected to defer his compensation to future periods under the Directors' Deferred Compensation Plan. Messrs. Frazee and Wilkinson, as of January 1, 2008, and Mr. Mooney, as of January 1, 2009, each elected to no longer defer his compensation under the plan. Under the Directors' Deferred Compensation Plan, 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 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 13, 2012, an aggregate of approximately \$1,680,790 of directors' compensation was deferred under the plan, and as of September 30, 2011, the amount was \$1,657,040.

Compensation Committee Interlocks and Insider Participation

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

Table of Contents**FEES OF INDEPENDENT AUDITORS AND AUDIT COMMITTEE REPORT****Fees Billed by Independent Auditors**

During fiscal years 2010 and 2011, the audit committee pre-approved 100% of all audit and non-audit services provided by our independent auditors, PricewaterhouseCoopers LLP, an independent registered public accounting firm. 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, 2011, and September 30, 2010, and fees billed for other services rendered by PricewaterhouseCoopers LLP during those periods.

Fees	Fiscal Year Ended September 30, 2011 (\$)	Fiscal Year Ended September 30, 2010 (\$)
Audit Fees(1)	1,353,011	1,147,148
Audit-Related Fees(2)		
Tax Fees(3)	589,024	365,612
All Other Fees(4)	7,200	3,900
Total	1,949,235	1,516,660

- (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 generally accepted auditing standards, 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 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 any 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. For fiscal years 2010 and 2011, PricewaterhouseCoopers LLP did not provide any Audit-Related Services to us.
- (3) Tax Fees include all services performed by professional staff in PricewaterhouseCoopers LLP's and its foreign affiliates' tax divisions 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 2011, \$322,175 out of the total \$589,024 for Tax Fees was for tax compliance services. For fiscal year 2010, \$221,332 out of the total \$365,612 for Tax Fees was for tax compliance services.
- (4) All Other Fees include fees for fiscal year 2011 for access to on-line accounting research software tools and employee attendance at a corporate tax class sponsored by PricewaterhouseCoopers LLP. All Other Fees include fees for fiscal year 2010 for access to on-line accounting research software tools.

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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 Securities and Exchange Commission (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 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 2011 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 committee has received the written disclosures and the letter from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, 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 SEC'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, 2011.

Respectfully submitted by the audit committee,

John P. Frazee, Jr.

Barbara A. Klein

Steven V. Wilkinson, Chairman

Table of Contents**COMPENSATION DISCUSSION AND ANALYSIS**

In this section, we discuss and analyze our executive officer compensation program and how we compensated each of our named executive officers identified in the following table in fiscal year 2011. The individuals listed include our chief executive officer, chief financial officer and our three other most highly compensated executive officers based on total compensation.

Name	Title
William P. Noglows	Chairman of the Board, President and Chief Executive Officer
William S. Johnson	Vice President and Chief Financial Officer
Adam F. Weisman	Vice President, Business Operations
Daniel S. Wobby	Vice President, Global Sales
H. Carol Bernstein	Vice President, Secretary and General Counsel

Fiscal Year 2011 Executive Compensation Summary

Our executive compensation program is structured to align our named executive officers' interests with those of our stockholders, by linking compensation to business objectives and performance, and to attract and retain talented executives. In general, our executive officers, including William P. Noglows, our Chairman, President and Chief Executive Officer, and our other named executive officers, 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. Our executive compensation program is administered by the compensation committee of our board of directors, which is composed solely of independent directors. The key elements of our executive compensation program are base salary, annual cash bonuses and long-term equity incentives. The compensation committee is responsible for determining the level of compensation paid to our named executive officers and our other executive officers. The compensation committee targets compensation levels that take into account current market practices. Offering market-comparable pay opportunities allows our company to maintain a stable, successful executive team.

Our company, led by Mr. Noglows and our other executive officers, including our named executive officers, again delivered strong financial results in fiscal year 2011. For example, for fiscal year 2011, we reported record annual revenue of \$445.4 million, record annual net income of \$51.7 million, record earnings per share of \$2.20, and gross profit margin of 48.1 percent of revenue. The company's achievement of these results in fiscal year 2011, over the record levels that it achieved in fiscal year 2010, are attributable to macroeconomic factors that impacted the semiconductor industry as well as the efforts of our global workforce, led by Mr. Noglows and the rest of our executive team. The company's performance in various areas exceeded the company's fiscal year 2011 performance goals overall that were established by the compensation committee of our board of directors. The fiscal year 2011 performance goals were financial goals that included revenue, gross margin, earnings per share, and a cash flow measure, along with nonfinancial goals that included certain growth objectives. Our strong fiscal year 2011 results generally exceeded our fiscal year 2010 results, as illustrated by the following comparisons:

	Fiscal Year	Fiscal Year	Percentage
	2011	2010	Change
Revenue	\$ 445.4M	\$ 408.2M	+9.1%
Gross profit (as a percentage of revenue)	48.1%	49.9%	-3.6%
Net Income	\$ 51.7M	\$ 49.5M	+4.5%
Diluted Earnings Per Share	\$ 2.20	\$ 2.13	+3.3%

As described in greater detail below, because our company overall exceeded our fiscal year 2011 performance goals, based on the methodology for determining awards under our Annual Incentive Program, our employees earned annual cash bonuses under the Annual Incentive Program that exceeded the overall target level.

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for achievement, but relatively smaller annual cash bonuses than in fiscal year 2010 based on the exceptional performance in fiscal year 2010 that significantly exceeded the fiscal year 2010 performance goals. Using a similar methodology, the compensation committee, in evaluating the performance of our company in fiscal year 2011 against our fiscal year 2011 performance goals, determined awards to be made under the Annual Incentive Program to our executive officers, including Mr. Noglows and our other named executive officers, which resulted in relatively smaller annual cash bonuses being earned by them as compared with fiscal year 2010. Following the end of fiscal year 2011, the compensation committee awarded annual long term equity incentives under our 2000 Equity Incentive Plan for values generally consistent with annual award cycles of the past few years. Despite our company's strong financial performance over the past two fiscal years, the compensation committee elected to award modest increases of 2% or less to the base salaries of our named executive officers for fiscal year 2012 (other than Mr. Noglows, who was awarded an increase of 3.8% by the compensation committee), after having maintained the base salaries of our then named executive officers, including Mr. Noglows, at their fiscal year 2010 levels, without any increases for fiscal year 2011, consistent with the company's strategy to maintain base salaries in line with market comparables. In November, 2011, the compensation committee established performance goals for our company for fiscal year 2012.

On December 13, 2011, we announced that our board of directors determined to pursue a significant new capital management initiative, including a proposed leveraged recapitalization, intended to more efficiently allocate our company's capital and provide additional value to our shareholders, via a special cash dividend to our stockholders of \$15 per share, or approximately \$345 million in aggregate. We intend to pay the special cash dividend, approximately half of which is expected to be funded from our company's cash balance, with the remaining amount expected to be funded with a new term loan, during the first quarter of calendar year 2012, contingent upon arranging the associated financing with terms and conditions that are acceptable to us. Our named executive officers and other executive officers are stockholders in our company, and along with our employees and non-employee directors who also are stockholders will be entitled to receive any special cash dividend payment on shares they hold in our company as of the record and payment date for the special cash dividend. In addition, in accordance with the terms of our 2000 Equity Incentive Plan, the maximum number and kind of shares of our common stock or other equity interest as to which awards may be granted, the number of shares of common stock or other equity interest subject to outstanding awards, and the exercise prices for outstanding options, will be proportionally adjusted to preserve the value of such awards as a result of the special cash dividend. Our 2012 Omnibus Incentive Plan also contains terms requiring that the aggregate number and kind of shares of our common stock or other securities reserved for issuance and delivery under such plan, as well as the various maximum limitations with respect to certain types of awards and the grant to individuals of certain types of awards, be appropriately and equitably adjusted in order to reflect the impact of the special cash dividend, regardless of whether the special cash dividend is paid prior to or after our stockholders' approval of the 2012 Omnibus Incentive Plan. To the extent that there are outstanding awards under the 2012 Omnibus Incentive Plan as of the record date and payment date of the special cash dividend, the number and kind of shares of our common stock or other securities subject to such outstanding awards, and the exercise price of outstanding options and stock appreciation rights, will also be appropriately and equitably adjusted in order to reflect the impact of the special cash dividend. These mandatory adjustments in connection with the leveraged recapitalization via a special cash dividend would apply to outstanding awards under our 2000 Equity Incentive Plan (and our 2012 Omnibus Incentive Plan, if such plan is approved by our stockholders) held by our named executive officers, other executive officers, other employees, and non-employee directors. Because, as of the date of this proxy statement, the proposed leveraged recapitalization via a special cash dividend has not yet been implemented, and no special cash dividend has yet been declared or paid, such adjustments under the 2000 Equity Incentive Plan and the 2012 Omnibus Incentive Plan have not occurred as of the date of this proxy statement, and we do not know the precise amounts of such adjustments. Thus, amounts set forth and discussed in this compensation discussion and analysis section, as well as in the beneficial ownership section, directors' compensation section, compensation tables, and the Approval of 2012 Omnibus Incentive Plan section of this proxy statement, are shown without giving effect to any such adjustments. For more information regarding the mandatory adjustments in connection with the proposed leveraged recapitalization via a special cash dividend, see APPROVAL OF 2012 OMNIBUS INCENTIVE PLAN.

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Overview

General. Our executive compensation program is administered by the compensation committee of our board of directors, which is composed solely of independent directors. The compensation committee is responsible for determining the level of compensation paid to our named executive officers and our other executive officers, including determining awards under and administering the 2000 Equity Incentive Plan (and the 2012 Omnibus Incentive Plan, if such plan is approved by our stockholders). The compensation committee is also responsible for reviewing and establishing all other executive officer compensation programs and plans that we may adopt from time to time. During and for fiscal year 2011, the compensation committee made all decisions pertaining to the compensation of 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. 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. Although our chief executive officer evaluates the performance of our other executive officers, including the named executive officers, discusses the compensation and mix and forms of compensation of the other executive officers with the compensation committee's compensation consultant and with the committee, and makes recommendations to the committee with respect to the compensation of the other executive officers, the committee makes all final decisions regarding the executive officers' compensation. Also, our chief financial officer, who also has responsibility for our human resources function, and his human resources staff, support the compensation committee in its work by providing input and recommendations on the overall mix and forms of executive officer compensation, and discuss such matters with the committee's compensation consultant, as directed by the compensation committee. Our chief financial officer and human resources staff do not make decisions regarding the amount of compensation for our named executive officers or other executive officers, and are not present for voting or deliberation on, any such matters.

As part of its responsibilities pursuant to its charter, the compensation committee also authorizes and reviews the non-binding stockholder advisory vote to approve our named executive officer compensation, as described in our proxy statement. At our 2011 annual meeting of stockholders, our stockholders approved the company's named executive officer compensation, as described in our 2011 proxy statement, with approximately 98% of the votes cast in favor of the matter. Our compensation committee and our board of directors met following the 2011 annual meeting to consider the results of such non-binding stockholder advisory vote and made no changes to the company's executive compensation program as a result of such vote. At such meeting, the compensation committee determined that the non-binding stockholder advisory vote to approve our named executive officer compensation should be submitted to our stockholders for approval annually.

Compensation Policy and Overall Objectives. In determining the amount and composition of executive officer 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 executive officers to the interests of our stockholders.

In general, executive officers, including our Chairman, President and Chief Executive Officer and our other named executive officers, 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 equity incentive awards under the 2000 Equity Incentive Plan (and the 2012 Omnibus Incentive Plan, if such plan is approved by our stockholders) are the same for our executive officers as they are for our other employees. Similarly, the health and welfare benefit programs are the same for all of our employees, including our named executive officers and other executive officers; all executive officers participate in the same Employee Stock Purchase Plan, tax-qualified savings plan (the 401(k) Plan) and non-qualified supplemental savings plan (the 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

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officers, and employment agreement with Mr. Noglows, all of which are described in greater detail in the Executive Compensation section below, we do not have post-termination of service agreements with our executive officers. Our executive officers are eligible to participate in our Executive Officer Deposit Share Program, under which they 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 (and the 2012 Omnibus Incentive Plan, if such plan is approved by our stockholders). These shares are retained on deposit with us until the third anniversary of the date of deposit (deposit shares), and our company matches the deposit with a restricted stock grant equal to 50% of the shares deposited by the participant (award shares) subject to certain terms and conditions, as described in greater detail below.

Competitive Compensation and Benchmarking. The compensation committee believes that each element of the compensation program should target compensation levels that take into account current market practices. Offering market-comparable pay opportunities allows us to maintain a stable, successful management team. Our direct competitors in our core business of developing, manufacturing, and selling chemical mechanical planarization (CMP) slurries and pads are generally not stand-alone publicly-traded entities; therefore, our market for compensation comparison purposes is comprised of a group of companies that develop, manufacture, supply or use a variety of semiconductor products and processes, including companies that have similar levels of revenue, market capitalization, and employment, as well as comparable geographic presence. The compensation committee considers changes to the composition of this group from time-to-time based on changes in our or others' business, and last revised the group during fiscal year 2008 based on recommendations made by the outside compensation consultant to the compensation committee, W.T. Haigh. This current group, which the compensation committee first used as of the end of fiscal year 2008 to consider benchmarks for fiscal year 2008 annual cash bonuses, and fiscal year 2009 base salaries, annual cash bonus targets, and long term equity incentive awards, and has used since then for all comparison purposes, including fiscal year 2011 annual cash bonuses and fiscal year 2012 base salaries, annual cash bonus targets and long term equity incentive awards, is comprised of the following companies:

Advanced Energy Industries	II-VI, Inc.
Atheros Communications	Integrated Device Technology, Inc.
ATMI, Inc.	Mattson Technology, Inc.
Axcelis Technologies, Inc.	Micrel Semiconductor, Inc.
Brooks Automation, Inc.	Photronics, Inc.
Ceradyne, Inc.	PMC Sierra, Inc.
Cognex Corporation	QLogic Corporation
Coherent, Inc.	Semtech Corporation
Cree, Inc.	Standard Microsystems
Cymer, Inc.	Tessera Technologies, Inc.
Electro Scientific	Triquint Semiconductor, Inc.
Entegris, Inc.	Varian Semiconductor Equipment Associates, Inc.
FormFactor, Inc.	Veeco Instruments, Inc.

In evaluating the comparison group for compensation purposes, the compensation committee, in consultation with an outside compensation consultant hired by the committee, currently W.T. Haigh, exercises its discretion and makes its judgment regarding executive officer compensation matters after considering all relevant factors. In general, it is the goal of the compensation committee that each element of compensation and total compensation for our named executive officers and our other executive officers fall within the 50th to 75th percentile for comparable positions within the comparison group. However, a direct correlation may not always exist between the roles and responsibilities of each of our executive officers and those of the position that appears to best correspond to such individual at companies within the comparison group. In addition, a direct correlation may not always exist between the relevant time period of evaluation given that the fiscal year end of companies within the comparison group is in most cases different from the company's fiscal year end of September 30,

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thereby making direct or any comparison difficult, especially when significant macro-economic changes occur that materially affect business performance and therefore, compensation differently and in different reporting periods, for each the company and the companies within the comparison group. The severe global economic recession that began in 2008 is one such example.

Elements of Compensation

The key elements of our compensation program for our named executive officers and other executive officers are:

base salary,

annual cash bonuses, and

long-term equity incentives.

In addition, we provide our named executive officers and other executive officers with:

change in control severance protection agreements, and in some limited circumstances post-termination agreements, and

the same retirement and other benefits provided to our employees generally.

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Descriptions of these elements and the reasons we provide them to our named executive officers and other executive officers are provided in the following table:

Element	Description	Reason Provided
Base Salary	Fixed amount paid in cash twice per month, as for all of our employees.	As for all of our employees, provides named executive officers with a steady, predictable amount of fixed income with merit increases from time-to-time based on performance and market comparisons (if provided, usually effective on January 1 of the calendar year following such evaluation).
Annual Cash Bonuses (Annual Incentive Program, pursuant to 2012 Omnibus Incentive Plan, if approved)	Cash payment made within 75 days following completion of fiscal year depending on company and individual performance, as for all of our employees.	As for all of our employees, aligns compensation with business objectives and performance by communicating goals and motivating individuals to achieve these goals, and rewarding performance actually achieved.
Long-Term Equity Incentives (2000 Equity Incentive Plan and 2012 Omnibus Incentive Plan, if approved)	Restricted Stock Awards (Initial, Annual and Deposit Share Program) and Stock Option Grants (Initial, Annual).	As for all of our employees who receive awards pursuant to our equity incentive plan, at risk nature of equity awards links interests with those of our stockholders; provides ongoing retention mechanism over vesting periods.
Change in Control Severance Protection Benefits for Executive Officers and other Key Employees	Salary and other benefits paid if terminated within a certain period of time pursuant to a Change in Control of our company (three years for Chief Executive Officer; two years for other Executive Officers other than Principal Accounting Officer; one year for Key Employees and Principal Accounting Officer).	Assures company of dedicated executive and key employee team, notwithstanding the possibility, threat or occurrence of a change in control; provides for continuity of executive management and key employees in the event of an actual or threatened change in control.
Retirement and other Benefits	401(k) savings plan, Supplemental Plan, basic life and disability insurance and limited perquisites, as for all of our employees.	Represents market practice and competitive factors; broad-based programs for all employees.

Each of these elements is also addressed separately below. In determining compensation for executive officers, the compensation committee considers all elements of an executive officer's total compensation package in comparison to current market practices, including change in control arrangements, ability to participate in savings plans and other benefits. On at least an annual basis, the compensation committee considers the base salary, annual cash bonus, and long-term equity incentive elements, and balance among each of these elements, of each executive officer's overall compensation.

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The receipt and retention by executive officers of certain elements of compensation, such as cash bonuses and equity-based compensation, are subject to our company's Code of Business Conduct, and the terms and conditions of relevant program, plan, and grant and award agreements, all of which include provisions that provide that the company may rescind or recover (clawback) from an executive officer, including post-separation of service, cash bonus and/or equity-based incentives paid or awarded to such executive officer immediately under certain circumstances, including, but not limited to, actions by the executive constituting Cause, as determined by the company in its discretion and as otherwise enforceable under local law and violation of the Cabot Microelectronics Corporation Code of Business Conduct, including those provisions related to financial reporting (e.g., in the event of a restatement caused by certain factors). In the event of any such rescission or right of recovery, the individual must repay the amount in question to the company, and the company shall be entitled to set-off against such amount any amount owed to the individual by the Corporation.

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

Current market practices, as represented by a comparison to executive officer base salaries in the comparison group of companies continued to serve as the primary reference for the compensation committee with respect to deciding upon any changes to base salary for both fiscal year 2011 (which, had there been any, would have been effective as of January 1, 2011), and fiscal year 2012 (effective as of January 1, 2012), similar to fiscal year 2009 (effective as of January 1, 2009) and fiscal year 2010 (effective as of January 1, 2010). Over this period the comparative data likely reflect the lingering but more recently recovering effects of the significant adverse global economic conditions that began in 2008, since, for example, for fiscal year 2011 none of the then named executive officers, including Mr. Noglows, received any increases to their base salaries, despite our company's exceptional financial and operational performance for fiscal year 2010, and for fiscal year 2011, to remain competitive within our peer group, the named executive officers received only modest increases of 2% or less, and Mr. Noglows received an increase of 3.8%, despite continued strong performance for fiscal year 2011.

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For fiscal year 2010, following fiscal year 2009 and upon review of each executive officer's performance in the fiscal year and compensation, as well as the macroeconomic environment of that fiscal year, the compensation committee, in considering merit salary increases to be effective January 1, 2010 for the calendar year, approved an increase to the base salaries of our named executive officers, including Mr. Noglows, of approximately 2.5%. Following fiscal year 2010 and upon review of each executive officer's performance in the fiscal year and compensation, regardless of our company's exceptional financial and operational performance for fiscal year 2010, the compensation committee, in considering merit salary increases to be effective January 1, 2011 for the calendar year, retained the base salaries of our then named executive officers, including Mr. Noglows, at the 2010 levels, without any increase. As discussed above, following fiscal year 2011 and upon review of each executive officer's performance in the fiscal year and compensation, regardless of our company's strong financial performance for fiscal year 2011, the compensation committee, in considering merit salary increases to be effective January 1, 2012 for the calendar year, awarded modest increases of 2% or less to the base salaries of our named executive officers for fiscal year 2012 (other than Mr. Noglows, who was awarded an increase of 3.8% by the compensation committee) The resulting base salaries for 2012, 2011, and 2010 are as follows:

Name	2012 Base Salary	2011 Base Salary	2010 Base Salary
William P. Noglows	\$ 580,000	\$ 559,000	\$ 559,000
William S. Johnson	\$ 353,000	\$ 348,000	\$ 348,000
Adam F. Weisman	\$ 332,700	\$ 326,200	\$ 326,200
Daniel S. Wobby	\$ 320,000	\$ 314,300	\$ 299,300
H. Carol Bernstein	\$ 320,000	\$ 314,500	\$ 314,500

Annual Cash Bonuses. All of the company's employees are eligible to participate in the company's annual cash bonus program, which is called our Annual Incentive Program (payments under our Annual Incentive Program will be made pursuant to the 2012 Omnibus Incentive Plan, if such plan is approved by our stockholders), with executive officer, including named executive officer, bonuses, if any, determined by the compensation committee. As with all employees, executive officers' opportunities to earn annual cash bonuses correspond to the degree to which our company achieves the annually-established goals. The compensation committee believes that an annual cash bonus program allows us to communicate specific goals that are of primary importance during each year and motivates executive officers to achieve these goals.

Performance-Based Management Program and Company Performance Objectives: At the beginning of each fiscal year, the compensation committee and board of directors establish specific performance goals for the company in accordance with our performance-based management process. These objectives are set to reflect the key elements of our annual plan and budget, and provide a common platform for our initiatives for the year. Throughout the year, our senior management periodically reviews the company's progress in achieving these goals with our board of directors and compensation committee. In November 2010, the board of directors and compensation committee approved our Fiscal Year 2011 Company Performance Objectives, which also served as our Performance Goals for the purposes of our Annual Incentive Program. As in prior years, the fiscal year 2011 Annual Incentive Program Performance Goals were chosen to encourage a particular and enhanced focus on certain aspects of our company's business strategy and objectives for all of our employees, including our named executive officers and other executive officers, and for which all of our executive officers collectively have responsibility for influencing and driving.

The board of directors and compensation committee selected as our Fiscal Year 2011 Company Performance Objectives and Annual Incentive Program Performance Goals financial measures that are consistent with those used by the investment community to evaluate the performance of our company, and which would be appropriate goals by which to incent the ongoing balanced performance of the company and its employees, including its executive officers, across all of its operational units, and in a still extremely challenging economic environment. The Fiscal Year 2011 Company Performance Objectives and Annual Incentive Program

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Performance Goals with corresponding Measures for evaluating attainment of such, and corresponding Performance Targets were as follows:

Fiscal Year 2011 Company Performance Objectives:

Fiscal Year 2011 Annual Incentive Program Performance Goals (with corresponding Measures, and Performance Targets), followed by (Fiscal Year 2011 Achievement):

Revenue (Revenue, \$424.7 million)(\$ 445.4 million);

Gross Margin (Gross Profit, as a percentage of revenue, 49.1%, threshold of 47.5%)(48.1%);

Earnings Per Share (Earnings Per Share), \$2.50, threshold of \$1.90)(\$2.20);

Net Cash from Operations Less Capital Additions (Net Cash from Operations Less Capital Additions, excluding any impact of change in deferred taxes), \$45 million)(\$60.6 million)

Achievement of Certain Business Opportunities (Achievement of Number of Certain Business Opportunities, 100%)(124%)

Performance Goals, Bonus Pool and Bonus Calculation: As in prior years, in fiscal year 2011, level of achievement of the noted five Fiscal Year 2011 Annual Incentive Program Performance Goals served as the mechanism by which the company determined the amount of funding for our Annual Incentive Program Bonus Pool (AIP Bonus Pool), which is approved by the compensation committee for all employees, including our named executive officers and other executive officers.

To determine the funding of the AIP Bonus Pool, the performance goals generally are weighted, based on their relative importance to achieving the company s overall goals. Then, for each performance goal, threshold , target and stretch metrics, or levels, of performance are established. Because each year our performance goals are set to reflect the key objectives of our annual plan and budget, the threshold , target and stretch metrics for each goal are designed to reflect increasing levels of difficulty, improvement, and motivation in achieving each level. For fiscal year 2011, consideration was given to the ameliorating but ongoing adverse global economic situation and at the time generally improving state of the semiconductor industry, in the context of the somewhat reduced but continued uncertainty of the macroeconomic environment, in setting the Performance Targets for the Annual Incentive Program Performance Goals. As part of our senior management s periodic review throughout the year of our progress in meeting our Company Performance Objectives and Annual Incentive Program Performance Goals with the compensation committee and board of directors, performance is discussed against a particular goal s threshold , target and stretch levels.

The threshold level of performance for a particular performance goal represents the lowest level of performance for which any bonus would be earned on that goal. The stretch level of performance represents the level for which the maximum bonus would be earned for that particular goal, and the target represents the target level of performance. The actual bonus, if any, attributable to each performance goal is calculated based on the actual performance compared to these threshold , target and stretch performance levels, and these are added together for all the performance goals to determine the funding of the AIP Bonus Pool. In turn, the AIP Bonus Pool is allocated for payment of bonuses to employees and executive officers, including our named executive officers. For fiscal year 2011, the bonus for a particular employee or executive officer was calculated by:

i) multiplying the salary of the employee or executive officer by the bonus target level established for the particular role or level of the employee or executive officer (expressed as a percentage of the individual s base salary, and set according to market pay practices), as described in greater detail for executive officers below;

ii) multiplied by a factor related to the overall achievement of the Annual Incentive Program Performance Goals (expressed as a percentage of the target level of performance); and

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iii) multiplying this product by a factor that corresponds to an assessment of the individual performance of the employee or executive officer relative to the individual's own performance objectives.

In addition, in certain years, in assessing the company's overall performance and calculating the funding of the AIP Bonus Pool for all of our employees, including our named executive officers and other executive officers, the compensation committee also considers certain additional factors, such as, for example, acquisition activity, or the impact of global or other events beyond the company's control, that may have affected our company's achievement of certain of the Performance Goals that the committee considered important in evaluating the company's performance for the particular fiscal year, but that were not able to be known to the company at the time the year's Annual Incentive Program Performance Goals and related metrics were established. In fiscal year 2011 the compensation committee did not consider additional factors like these in assessing the company's overall performance and calculating the funding of the AIP Bonus Pool. However, given the growing concern regarding a renewed global economic slowdown as a result of macroeconomic factors that began to develop at the end of our fiscal year 2011 and into the beginning of our fiscal year 2012, which the company's management believed possibly was beginning to affect the semiconductor industry and the company's business in fiscal year 2012, with the level of potential impact uncertain, the compensation committee reduced the funding of the AIP Bonus Pool from the overall achievement of 132.4 percent of the target level of performance against fiscal year 2011 goals to 124 percent.

Individual Executive Officer Bonus Target Levels and Cash Bonus Earned: As described above, actual payouts for cash bonus awards are determined by the level of performance of our company, which as described above was financially strong for fiscal year 2011, and the individual performance of each employee, including each named executive officer and other executive officers, and may be higher or lower than the established individual's bonus target level depending upon performance relative to the pre-established goals. The compensation committee, in consultation with its outside compensation consultant, has established a bonus award target for each executive officer by evaluating factors such as external pay practices, with particular reference to the comparison group of companies (as described above, bonus award targets are established for each of our employees based on an individual's role or level). In this regard, for fiscal year 2011 the compensation committee retained the bonus award target for each named executive officer at the same level as each individual's bonus award target for fiscal year 2010. The bonus award targets and actual amounts earned for our named executive officers for fiscal year 2011 were as follows:

Name	Bonus Target (as % of Base Salary)	Bonus Target (\$)	Actual Bonus Earned* (\$)
William P. Noglows	100%	\$559,000	\$750,000
William S. Johnson	65%	\$226,200	\$267,000
Adam F. Weisman	65%	\$212,030	\$250,000
Daniel S. Wobby	55%	\$172,865	\$217,000
H. Carol Bernstein	55%	\$172,975	\$236,000

* In assessing our company's and executive officers' achievement of the noted Performance Goals for purposes of the multiplier described above, the compensation committee concluded that a factor of approximately 132.4 percent had been achieved (but funded at 124 percent as explained above). In assessing each named executive officer's individual performance for fiscal year 2011, and for purposes of the multiplier described above, the compensation committee decided upon factors ranging from approximately 1.18 to 1.36.

As discussed above, cash bonuses awarded to our executive officers are subject to rescission and recovery (clawback) by the company in certain circumstances.

Fiscal Year 2012 Performance Management Program and Performance Goals. In November 2011, the compensation committee and board of directors set our Fiscal Year 2012 Annual Incentive Program Performance Goals, generally using the process described above. Amounts earned under this program will be paid under the 2012 Omnibus Incentive Plan adopted by the board of directors on January 16, 2012, if such plan is approved by

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our stockholders. The performance goals approved for Fiscal Year 2012 are: financial goals that include revenue, gross margin, earnings per share, and a cash flow measure, and a nonfinancial goal involving achievement of identified business opportunities. In addition, the compensation committee and board of directors approved and set the individual performance factor multiplier for each participant at the maximum level of 2.0, and the compensation committee retained discretion to reduce this amount.

Long-Term Equity Incentives. Long-term equity incentives are provided to our named executive officers and other executive officers pursuant to the 2000 Equity Incentive Plan (and the 2012 Omnibus Incentive Plan, if such plan is approved by our stockholders). All of the company's employees are eligible to participate in our 2000 Equity Incentive Plan (and the 2012 Omnibus Incentive Plan, if such plan is approved by our stockholders), with any and all awards to executive officers, including named executive officers, pursuant to it determined by the compensation committee. 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 officer compensation program because it involves at-risk components of compensation that directly link our executive officers' interests with those of our stockholders. The compensation committee, in consultation with its outside compensation consultant, evaluates the balance of equity-based compensation with the base salary and cash bonus elements of cash compensation by considering factors such as external compensation practices, with particular reference to the comparison group of companies, the ability to achieve a desired balance between cash and equity-based compensation, and the financial impact to our company of providing various kinds and amounts of equity-based compensation to our employees, including our executive officers.

Timing of Grants: Initial or new-hire options and restricted stock may be awarded to employees, including our executive officers, when they join the company. Thereafter, options and restricted stock may be awarded to employees, including each executive officer, annually and from time to time based on performance. To enhance retention, options and restricted stock awarded to executive officers, as with awards to all other employees, are subject to vesting restrictions that generally lapse over a four-year period. Stock option grants to executive officers, whether new hire, occasional, or pursuant to our annual incentive program, may only be made upon specific approval by the compensation committee, as is the case with all other forms of equity-based compensation, such as restricted stock awards, and non-equity-based compensation for executive officers. Our stock option grant practice consistently has been that the exercise price for all of our stock option grants, including those to our executive officers, is the fair market value, as represented by the closing price on Nasdaq, of our stock on the stock option grant date, as approved by the compensation committee. For new hire grants, the grant date is the first day of employment for the grant recipient; for grants made pursuant to our annual grant program or at other times in particular circumstances, the latter of which has not occurred for any of our executive officers while serving as an executive officer, the grant date is the date of approval by the compensation committee or a subsequent date set by the committee in its approval. For our annual grant program, our practice for the past ten annual cycles has been that the one grant date for grants made to all employees, including all of our executive officers, occurs within approximately one week following the compensation committee's meeting (usually late November or early December) to consider and decide upon performance and compensation-related matters for our employees, including specific evaluations and decisions regarding each of our executive officers, such as base salary increases, annual cash bonuses, and equity-based incentive awards following the close of our fiscal year on September 30. It is our practice to set a stock option's grant date only for a date certain on or subsequent to the date the grant is approved, and it is not our practice to set a stock option's grant date as a date prior to the date of approval for a grant (i.e., backdating). In addition, it is not our practice to make stock option grants while we are in possession, or in coordination with the release, of material non-public information regarding our company. To our knowledge, we have followed our stock option grant practices throughout our history as a publicly-traded company. While we do not have any current plans to change our stock option grant practices, circumstances may arise such that we might decide it is in the best interests of our business to do so in the future.

Allocation Among Awards: As permitted by the 2000 Equity Incentive Plan (and the 2012 Omnibus Incentive Plan, if such plan is approved by our stockholders), our compensation committee awards a blend of non-qualified stock option grants and restricted stock awards (restricted stock units for our non-United States

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employees) to employees selected to receive awards, including the named executive officers and other executive officers, according to approximately a three-to-one ratio of non-qualified stock options granted to restricted stock awarded. Our compensation committee believes that this mix of awards competitively balances the types of equity incentives being awarded to our employees, and also appropriately addresses the financial impact of the expensing of equity-based compensation required pursuant to an accounting standard issued by the Financial Accounting Standards Board (ASC718 SFAS 123R). We have provided this combination of restricted stock and stock option awards for the annual equity incentive award program grants to our employees, including our named executive officers, since fiscal year 2007. For more information regarding these awards, see Footnote no. 2 to the Grants of Plan-Based Awards table.

Size of Awards: When determining awards for individual executive officers under the 2000 Equity Incentive Plan (and the 2012 Omnibus Incentive Plan, if such plan is approved by our stockholders), the compensation committee primarily considers compensation practices and equity values awarded by the comparison group of companies, as well as the executive officer's level of current and potential future responsibility, and to some extent performance in the prior year. In determining award sizes, the compensation committee does not assign specific weights to these factors. Rather, the factors are evaluated on an aggregate basis. The compensation committee also considers the overall number of units to be awarded pursuant to our annual equity incentive award program to all employees with respect to consideration of our annual equity award run rate. In addition, the compensation committee considers the underlying economic value associated with equity incentive awards, and may decide to increase or decrease the award units to be awarded in an attempt to deliver a relatively consistent dollar value of awards from year to year. As an example, for our fiscal year 2009 annual equity incentive awards, which occurred on December 1, 2008, the compensation committee, upon the advice of its compensation consultant, increased the overall units to be awarded to our employees, including our named executive officers and other executive officers, receiving such awards, relative to the fiscal year 2008 awards generally in order to reflect a dollar value of award delivered based upon the average near term price of our stock more consistent with the value delivered in fiscal year 2008, and with those of peer companies. Similarly, for our fiscal year 2010 annual equity incentive awards, which occurred on December 1, 2009, the compensation committee, upon the advice of its compensation consultant, decreased the overall number of units to be awarded to our employees, including our named executive officers and other executive officers, receiving such awards, relative to the fiscal year 2009 awards generally in order to reflect a dollar value of award delivered based upon the average near term recent price of our stock more consistent with the value delivered in fiscal year 2009. Again, for our fiscal year 2011 annual equity incentive awards, which occurred on December 1, 2010, the compensation committee, upon the advice of its compensation consultant, in general decreased the overall number of units to be awarded to our employees, including our named executive officers and other executive officers, receiving such awards, relative to the fiscal year 2010 awards generally in order to reflect a dollar value of award delivered based upon the average near term price of our stock more consistent with the value delivered in fiscal year 2010. For our fiscal year 2012 annual equity incentive awards, which occurred on December 1, 2011, the compensation committee, upon the advice of its compensation consultant, in general maintained a consistent overall number of units to be awarded to our employees, including our named executive officers and other executive officers, receiving such awards, relative to the fiscal year 2011 awards, and thus reflected a dollar value of award delivered based upon the average near term price of our stock consistent with the value delivered in fiscal year 2011. These fiscal year 2012 annual equity incentive awards, which occurred on December 1, 2011, are shown in the following table:

Name	Fiscal Year 2012	
	Non-Qualified Stock	Fiscal Year 2012
	Option Grant	Restricted Stock Award
William P. Noglows	66,000	22,000
William S. Johnson	26,100	8,700
Adam F. Weisman	20,700	6,900
Daniel S. Wobby	20,700	6,900
H. Carol Bernstein	18,300	6,100

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In general, the compensation committee has not considered any actual amounts that may have been realized from prior equity-based compensation awards in awarding subsequent equity-based compensation, or other elements of compensation. However, in considering awards under the 2000 Equity Incentive Plan (and the 2012 Omnibus Incentive Plan, if such plan is approved by our stockholders) to our employees, including executive officers, the compensation committee does consider whether equity-based awards that previously may have been made to them continue to fulfill the purposes of motivation and retention.

Our executive officers are also eligible to participate in the Executive Officer Deposit Share Program. See EXECUTIVE COMPENSATION Executive Officer Deposit Share Program, below. While all of our executive officers have equity ownership in our company through participation in various equity-based programs such as the Employee Stock Purchase Plan, Executive Officer Deposit Share Program, and our annual equity incentive award program, we do not currently have equity-ownership requirements or guidelines for our executive officers.

Clawback Policy: As discussed above, equity-based compensation awarded to our executive officers is subject to rescission and recovery (clawback) by the company in certain circumstances. In addition, all equity-based compensation is subject to all of the terms of our 2000 Equity Incentive Plan (and the 2012 Omnibus Incentive Plan, if such plan is approved by our stockholders), the respective grant and award agreements for particular grants and awards, our Code of Business Conduct, our Insider Trading and Non-Disclosure Policy, including Trading Guidelines for Directors, Executive Officers and Other Key Employees, and our Reporting Requirements and Trading Guidelines for Directors and Executive Officers Under Section 16 of the Securities and Exchange Act and Rule 144 Under the Securities Act of 1933; as applicable, noted policies and procedures apply to any and all equity in our company held by our executive officers. For example, our executive officers, as well as our directors and designated other key employees, observe various requirements, such as those related to quarterly trading and other blackout periods, and affirmative pre-clearance of any transactions in our company s securities. Our executive officers and directors do not hedge or pledge equity in our company.

Change in Control Severance Protection Benefits. The terms and conditions of the change in control severance protection agreements with our named executive officers and the employment agreement with Mr. Noglows are described in more detail in the section entitled Executive Compensation below. The board of directors and compensation committee originally determined the terms and conditions of the change in control severance protection agreements, including the severance benefit payable, and the triggering events for the payment of such severance benefit, pursuant to such agreement, in consultation with their outside compensation consultant and our financial and other advisors, and considered external practices at similarly situated companies regarding change in control arrangements. The board of directors and compensation committee also review the costs and benefits of the change in control severance protection agreements periodically. As a result of the most recent review, the board of directors and compensation committee, with advice from the committee s outside compensation consultant regarding market practices, determined that the cost to the company and the competitiveness of such agreements remain reasonable and appropriate. The agreements are described in more detail in the section entitled Executive Compensation below.

Retirement and Other Benefits. We have adopted various employee benefit plans and arrangements for the purpose of providing 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 our Employee Stock Purchase Plan, the 401(k) Plan, and the Supplemental Plan.

Proposed Leveraged Recapitalization via a Special Cash Dividend

On December 13, 2011, we announced that our board of directors determined to pursue a significant new capital management initiative, including a proposed leveraged recapitalization, intended to more efficiently allocate our company s capital and provide additional value to our shareholders, via a special cash dividend to our stockholders of \$15 per share, or approximately \$345 million in aggregate. We intend to pay the special cash dividend, approximately half of which is expected to be funded from our company s cash balance, with the

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remaining amount expected to be funded with a new term loan, during the first quarter of calendar year 2012, contingent upon arranging the associated financing with terms and conditions that are acceptable to us.

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

CEO Compensation

When Mr. Noglows joined our company in fiscal year 2004, 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 initial compensation, comprised of base salary, annual cash bonus and equity-based compensation elements, which are part of Mr. Noglows' employment agreement with our company, as described in greater detail in the section entitled Executive Compensation below. As part of the agreement and his joining the company, Mr. Noglows also entered into a change-in-control severance protection agreement and became eligible for the reimbursement of certain relocation and other expenses, all of which are described in greater detail in the section entitled Executive Compensation below.

Upon completion of fiscal year 2011, the compensation committee, in consultation with the compensation committee's outside compensation consultant, 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 2011, and a non-qualified stock option grant and a restricted stock award as part of the annual equity incentive award cycle for which all employees were eligible. 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 achieving the company's long-term and short-term strategic, operational and business goals. This included a significantly favorable review of his overall performance in leading the company during yet another strongly successful year to date, delivering record

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revenue and earnings, over the record levels achieved in fiscal year 2010, and preserving and enhancing the company's strong balance sheet, operational posture, and customer relationships continuing to emerge strongly from, one of the most severe economic dislocations in recent history, while at the same time advancing the company with respect to our strategic objectives such as the growth of our presence in Asia through the completion and opening of our new manufacturing, research and development facility in Korea, the further leveraging of our expanded presence in Taiwan as a result of our 2009 acquisition there, the expansion of our polishing pads business, and the productive management of the devastating earthquake and tsunami in Japan, where we have our largest manufacturing operations. The compensation committee also considered Mr. Noglows' compensation with respect to chief executive officers among the comparison group of companies, as well as equitable and consistent treatment compared to our other executive officers. In addition to these factors, Mr. Noglows' cash bonus award for fiscal year 2011 reflected the company's strong performance against certain financial and other objectives in fiscal year 2011, as described in greater detail above, and the aspects of the overall pre-established goals for fiscal year 2011 that were met or exceeded at threshold, target or stretch levels, as assessed by the compensation committee, using its discretion. Based upon all of these criteria, which included the compensation committee's assessment of the company's and Mr. Noglows' performance in various respects in fiscal year 2011 as compared with fiscal year 2010, the compensation committee awarded Mr. Noglows \$750,000 as a cash bonus for fiscal year 2011, and increased his annual base salary by 3.8% to \$580,000, effective as of January 1, 2012. Mr. Noglows' fiscal year 2011 cash bonus of \$750,000, together with his \$559,000 base salary paid during fiscal year 2011, resulted in total cash compensation to Mr. Noglows for fiscal year 2011 of \$1,309,000; this was \$446,500 less than the \$1,755,500 in total cash compensation that Mr. Noglows received for fiscal year 2010, and reflects the strong, but relatively not as exceptional, performance of the company against goals in fiscal year 2011 from fiscal year 2010. In addition, as noted above and as reported in Footnote 2 to the 2011 Grants of Plan-Based Awards table that follows, on December 1, 2011, the compensation committee awarded Mr. Noglows equity-based compensation in the form of: (i) non-qualified stock options to purchase an aggregate of 66,000 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 1, 2021, at an exercise price of \$40.52, which was the closing price of our stock on the grant date; and (ii) 22,000 shares of restricted stock with a fair market value based on the closing price of our stock on Nasdaq on the award date of \$40.52 per share that lapse in equal increments upon each anniversary over four years. Aside from the number of options granted and restricted stock awarded, the terms and conditions of this option grant and restricted stock award are the same as those for grants and awards made to our other employees, including those that provide that any options that are not vested and restricted stock on which restrictions have not lapsed at the time of termination of employment are forfeited. Because these equity awards were made after the completion of fiscal year 2011, they are reported in the referenced footnote and not specifically reported in the compensation tables that follow.

As noted above, the compensation committee and the board of directors reviews on a periodic basis 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.

Regulatory and Other Factors

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 executive officers of various payments and benefits. We have designed our compensation program (including our 2012 Omnibus Incentive Plan, if such plan is approved by our stockholders) to grant certain awards that may be fully deductible for federal income tax purposes under Section 162(m) of the Internal Revenue Code. 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. 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. The compensation committee will consider various alternatives to preserving the deductibility of compensation payments and benefits to the extent consistent with its compensation objectives.

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Other Factors. As described above, our compensation committee uses awards of restricted stock in addition to grants of non-qualified stock options to, among other reasons, address the financial impact of the expensing of equity-based compensation required under FASB ASC Topic 718. In addition, the company has intended for its non-qualified deferred compensation plans and other plans and agreements subject to the requirements of Internal Revenue Code Section 409A to be in compliance with such requirements.

COMPENSATION AND RISK

The company's management, with a review by the audit committee and compensation committee of our board of directors and with support from the compensation committee's outside compensation consultant, has conducted an assessment of the risks associated with our compensation programs, policies and practices, and has determined that risks arising from them are not reasonably likely to have a material adverse effect on our company. In making this determination, our management considered the various elements of our compensation programs, policies and practices, such as the: mix of base salary, annual cash bonuses and equity incentive program participations at various levels and throughout our company; balance between and among short-term and long-term compensation incentives in our programs; significant use of performance measures that are financial in nature such that they are readily measurable and verifiable, are regularly reviewed, and also are consistent with those that are publicly reported; use of performance measures that directly relate to the operations of our business such that they are readily measurable and verifiable, and are regularly reviewed; use of performance measures that relate to our business overall and avoid overdependence on one aspect of our business and its operations as opposed to another; multiple and cross-functional levels of review and verification prior to award approval; our system of internal controls and internal risk review and assessment processes; and, our general employment practices, policies and procedures.

COMPENSATION COMMITTEE REPORT

The following report of the compensation 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 compensation committee of the board of directors has reviewed and discussed the Compensation Discussion and Analysis with our company's management, and based on the review and discussions, the compensation committee has recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement and the company's annual report on Form 10-K for the fiscal year ended September 30, 2011.

Submitted by the compensation committee,

Robert J. Birgeneau

H. Laurance Fuller, Chairman

Edward J. Mooney

Bailing Xia

Table of Contents**EXECUTIVE COMPENSATION**

The following tables set forth certain compensation information for our Chief Executive Officer, Chief Financial Officer, and three other most highly compensated executive officers of the company (collectively the named executive officers) for the fiscal year ended September 30, 2011. Information for the fiscal years ended September 30, 2010 and September 30, 2009 is also presented for executives who were named executive officers during those years.

SUMMARY COMPENSATION TABLE

Name and Principal Position		Year	Salary (\$)	Bonus (\$) ¹	Stock Awards (\$) ^{2,3}	Option Awards (\$) ³	All Other Compensation (\$) ⁴	Total Compensation (\$)
William P. Noglows President and Chief Executive Officer	2011	559,000	750,000	1,037,750	1,235,340	113,021	3,695,111	
	2010	555,500	1,200,000	777,750	1,011,893	92,811	3,637,954	
	2009	545,000	109,000	646,654	971,911	66,376	2,338,941	
William S. Johnson Vice President and Chief Financial Officer	2011	348,000	267,000	373,623	429,898	45,174	1,463,695	
	2010	345,875	456,100	308,019	384,519	58,768	1,553,281	
	2009	337,825	44,100	265,827	386,365	26,821	1,060,938	
Adam F. Weisman Vice President, Business Operations	2011	326,200	250,000	265,664	316,247	49,091	1,207,202	
	2010	324,200	388,600	227,103	295,473	27,647	1,263,023	
	2009	316,650	41,400	225,137	347,968	24,386	955,541	
Daniel S. Wobby Vice President, Global Sales	2011	310,550	217,000	305,661	316,247	37,991	1,187,449	
	2010	296,075	301,800	205,979	254,997	23,776	1,082,627	
	2009	285,000	31,500	235,837	325,716	46,523	924,576	
H. Carol Bernstein Vice President, Secretary and General Counsel	2011	314,500	236,000	238,683	284,128	45,158	1,118,469	
	2010	312,575	301,200	195,993	254,997	56,094	1,120,859	
	2009	306,050	33,700	172,096	257,976	31,093	800,915	

¹ Certain amounts in the Bonus column were used to purchase deposit shares of restricted stock under our Executive Officer Deposit Share Program after the end of the 2009 fiscal year on December 9, 2009, after the end of the 2010 fiscal year on December 13, 2010 and after the end of the 2011 fiscal year on December 15, 2011. See footnote 2 below for more details.

² Certain amounts in the Stock Awards column correspond to matching grants of award shares of restricted stock made pursuant to our Executive Officer Deposit Share Program, which is described in more detail below. Under this program, 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 us 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 us through such date, the restrictions on the award shares will lapse. This column 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. This column does include award share grants made pursuant to this program. On December 9, 2009, Mr. Johnson and Mr. Wobby participated in the Executive Officer Deposit Share Program receiving 396 and 317 respective award shares on deposit under the program with a fair market value based on the closing price of our stock on the award date of \$31.50 per share. The restrictions on these award shares will lapse on December 9, 2012 if the participant is employed by us at that time and the corresponding

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deposit shares have remained on deposit with us through such date. Mr. Johnson and Mr. Wobby purchased 793 and 634 respective deposit shares related to these award shares after-tax from amounts that are disclosed in the Bonus column above. On December 13, 2010, Mr. Johnson and Mr. Wobby participated in the Executive Officer Deposit Share Program receiving 300 and 961 respective award shares on deposit under the program with a fair market value based on the closing price of our stock on the award date of \$41.62 per share. The restrictions on these award shares will lapse on December 13, 2013 if the executive is employed by us at that time and the corresponding deposit shares have remained on deposit with us through such date. Mr. Johnson and Mr. Wobby purchased 600 and 1,922 respective deposit shares related to these award shares after-tax from amounts that are disclosed in the Bonus column above.

These amounts do not include award share grants made pursuant to our Executive Officer Deposit Share Program to certain of our named executive officers after the end of fiscal year 2011. On December 15, 2011, Mr. Johnson and Mr. Wobby participated in the Executive Officer Deposit Share Program receiving 270 and 756 respective award shares on deposit under the program with a fair market value based on the closing price of our stock on the award date of \$46.29 per share. The restrictions on these award shares will lapse on December 15, 2014 if the executive is employed by us at that time and the corresponding deposit shares have remained on deposit with us through such date. Mr. Johnson and Mr. Wobby purchased 540 and 1,512 respective deposit shares related to these award shares after-tax from amounts that are disclosed in the Bonus column above.

³ The amounts in the column headed Stock Awards represent the aggregate grant date fair value of grants in fiscal years 2011, 2010 and 2009 computed in accordance with ASC 718. For restricted stock awards, the fair value is equal to the underlying value of the stock and is calculated using the closing price of our common stock on the grant date. The actual value realized by a named executive officer related to stock awards will depend on the market value of our common stock on the date the stock is sold.

The amounts in the column headed Option Awards represent the aggregate grant date fair value of grants in fiscal years 2011, 2010 and 2009 computed in accordance with ASC 718 (see Note 12 of Notes to Consolidated Financial Statements included in Item 8 of Part II of our Annual Report on Form 10-K for fiscal year 2011 for a description of the assumptions used in that computation). The actual value realized by a named executive officer related to option awards will depend on the difference between the market value of our common stock on the date the option is exercised and the exercise price of the option.

During fiscal years 2011, 2010 and 2009, no awards to any of our named executive officers were adjusted, modified or cancelled (forfeited).

⁴ The information in the column headed All Other Compensation predominantly reflects amounts that by nature generally recur each year, such as benefit costs we contribute on behalf of our named executive officers in the same manner in which we contribute such costs for all of our employees. For example, the information in the column 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 applied to all of our employees, including our named executive officers and other executive officers. 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), and 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); from April 1, 2009 through December 31, 2009, however, in light of the severe economic downturn and its impact on our company in fiscal year 2009, as a cost-savings measure our board of directors removed the matching contribution through an amendment to the 401(k) Plan. Given the relative recovery from the severe economic downturn that we began to see in the second half of fiscal year 2009, and in the interests of assisting our employees in saving for retirement, the board of directors amended the 401(k) Plan to reinstate the matching contribution as of January 1, 2010. With respect to the Supplemental Plan, which applies to all employees, including our named executive officers and other executive officers, at such time as they reach the I.R.S. eligible compensation limit, while employees are presently not able to make contributions to the Supplemental Plan, we continue to make the safe-harbor contribution of the equivalent of

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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 2011, 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	\$ 21,426	\$ 60,560
Mr. Johnson	\$ 22,050	\$ 22,364
Mr. Weisman	\$ 21,692	\$ 18,792
Mr. Wobby	\$ 23,062	\$ 14,244
Ms. Bernstein	\$ 21,650	\$ 15,148

Similarly, the amounts in the column headed "All Other Compensation" include amounts we provided on behalf of each of our named executive officers for basic life insurance and accidental death and dismemberment insurance coverage in fiscal year 2011, which 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 in fiscal year 2011 attributable to each named executive officer is: Mr. Noglows, \$360; Mr. Johnson, \$360; Mr. Weisman, \$360; Mr. Wobby, \$360; Ms. Bernstein, \$360.

In addition, the figures in the column headed "All Other Compensation" also reflect (i) airline club membership fees for fiscal year 2011 in the amount of \$500 for Mr. Noglows, \$400 for Mr. Johnson, \$450 for Mr. Weisman and \$325 for Mr. Wobby; (ii) business club membership fees for fiscal year 2011 in the amount of \$6,425 for Mr. Noglows; (iii) the payment of financial planning fees of \$10,815 on behalf of Mr. Noglows in fiscal year 2011, as per the terms of his employment agreement; and, (iv) a transportation allowance for fiscal year 2011 in the amount of \$8,000 for Ms. Bernstein. The amounts in the column headed "All Other Compensation" also include travel expenses of \$6,402, of which \$2,654 is tax reimbursement, for Mr. Noglows to attend a trip in honor of a retiring colleague; \$7,797, of which \$3,232 is tax reimbursement, for Mr. Weisman to attend the same trip; and \$6,532, of which \$2,708 is tax reimbursement for Mr. Noglows' spouse to attend an annual industry chief executive conference at which spousal attendance is highly encouraged.

Employment Agreements

On November 2, 2003, we entered into an employment agreement with Mr. Noglows to become our Chairman, President and Chief Executive Officer. 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. Mr. Noglows' agreement provides that following the close of each fiscal year, beginning with the end of fiscal year 2004, the compensation committee of the board of directors will meet to consider an increase in Mr. Noglows' annual base salary in accordance with its normal practices, and the compensation committee has done so, as described in more detail in the compensation discussion and analysis section above: as described above, for 2009 Mr. Noglows declined any increase to his base salary and instead it remained at \$545,000, despite the fact that the compensation committee had approved an increase of 3% to his base salary; for 2010, the compensation committee set his salary at \$559,000; for 2011, the compensation committee retained his salary at \$559,000 with no increase; and for 2012, the compensation committee set his salary at \$580,000. The employment agreement also provided the grant of 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, his first date of employment, and an expiration of November 3, 2013. We also agreed to provide Mr. Noglows with certain relocation and other reimbursements and to allow Mr. Noglows to utilize first-class air travel while he is employed by us.

Table of Contents**Standard Employee Benefits**

We have adopted various employee benefit plans and arrangements for the purpose of providing employee benefits to our employees, including our named executive officers and our other executive officers. In general, the same terms apply to all of our employees, including our named executive officers and our other executive officers. These plans and arrangements include the Employee Stock Purchase Plan, the 401(k) Plan, and Supplemental Plan.

2011 GRANTS OF PLAN-BASED AWARDS

The following table shows all awards granted to the named executive officers during the fiscal year ended September 30, 2011 pursuant to the 2000 Equity Incentive Plan.

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units ¹ (#)	All Other Option Awards: Number of Securities Underlying Options ² (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards ³ (\$)
William P. Noglows	12/1/10	25,000			1,037,750
	12/1/10		75,000	41.51	1,235,340
William S. Johnson	12/1/10	8,700			361,137
	12/1/10		26,100	41.51	429,898
Adam F. Weisman	12/13/10	300			12,486
	12/1/10	6,400			265,664
Daniel S. Wobby	12/1/10		19,200	41.51	316,247
	12/1/10	6,400			265,664
H. Carol Bernstein	12/1/10		19,200	41.51	316,247
	12/13/10	961			39,997
	12/1/10	5,750			238,683
	12/1/10		17,250	41.51	284,128

¹ The awards in this column that correspond to a Grant Date of December 13, 2010 reflect the matching grants of award shares of restricted stock made under our 2000 Equity Incentive Plan pursuant to our Executive Officer Deposit Share Program, which is described in more detail below. This column does not include deposit shares as these amounts were purchased by the participant from after-tax bonus compensation already disclosed in the Bonus column of our Summary Compensation Table of our 2011 Proxy Statement. As shown, on December 13, 2010, Mr. Johnson and Mr. Wobby participated in the Executive Officer Deposit Share Program receiving 300 and 961 respective award shares on deposit under the program with a fair market value based on the closing price of our stock on the award date of \$41.62 per share. The restrictions on these award shares will lapse on December 13, 2013 if the participant is employed by us at that time and the corresponding deposit shares have remained on deposit with us through such date.

The amounts in this column do not include award share grants made pursuant to our Executive Officer Deposit Share Program to certain of our named executive officers after the end of fiscal year 2011. On December 15, 2011, Mr. Johnson and Mr. Wobby participated in the Executive Officer Deposit Share Program receiving 270 and 756 respective award shares on deposit under the program with a fair market value based on the closing price of our stock on the award date of \$46.29 per share. The restrictions on these award shares will lapse on December 15, 2014 if the participant is employed by us at that time and the corresponding deposit shares have remained on deposit with us through such date.

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These amounts in this column do not include restricted shares awarded to our named executive officers after the end of fiscal year 2011. On December 1, 2011, as part of our annual equity incentive award program, we awarded restricted shares to our named executive officers with a fair market value based on the closing price of our stock on the award date of \$40.52 per share that lapse in equal increments upon each anniversary over four years, in the amounts set forth in the table below:

Name	Restricted Stock Award
Mr. Noglows	22,000
Mr. Johnson	8,700
Mr. Weisman	6,900
Mr. Wobby	6,900
Ms. Bernstein	6,100

² As with all other grants of stock options and stock awards to our named executive officers and other executive officers, other than the number of options or restricted stock awarded, the terms and conditions of the stock option grants in this column are the same as those made to all other employees. This includes a provision that if a participant retires (defined as the voluntary termination of employment, where no circumstances for termination for cause exist, upon the participant's achievement of at least 55 years of age and five years of service), then the participant may retain any option previously vested throughout the term of such option; as with our other option grants, any options that have not yet vested as of termination are forfeited.

These amounts do not include options granted to our named executive officers after the end of fiscal year 2011. On December 1, 2011, as part of our annual equity incentive award program, we granted options to our named executive officers that have an exercise price of \$40.52, which as with all of our grants and awards to date was the fair market value based on the closing price of our common stock on the date of grant, vest in equal increments upon each anniversary over four years and expire December 1, 2021, in the amounts set forth in the table below:

Name	Securities Underlying Options
Mr. Noglows	66,000
Mr. Johnson	26,100
Mr. Weisman	20,700
Mr. Wobby	20,700
Ms. Bernstein	18,300

³ As with all of our grants and stock awards to date, the exercise price was the fair market value based on the closing price of our stock on the date of grant.

The grant date fair value was estimated using the Black-Scholes option pricing formula on the basis of the following assumptions: expected volatility: 36%; risk free rate of return: 2.1%; annualized dividend yield: 0.0%; and expected time until exercise: 6.25 years for people younger than the age of 46 at the date of grant and 6.45 years for people 46 years and older on the date of grant. On the December 1, 2010 Grant Date, Messrs. Noglows, Johnson, Weisman and Wobby and Ms. Bernstein were 46 or older.

During fiscal year 2011, no awards to our named executive officers, or other executive officers, were adjusted, modified or cancelled (forfeited)(other than the forfeiture of all unvested awards according to their terms to Clifford L. Spiro, our former Vice President of Research and Development, upon his retirement from our company on July 1, 2011), and no awards to any of our employees were adjusted or modified.

2000 Equity Incentive Plan

The options granted on December 1, 2010 vest in equal increments upon each anniversary over four years, and have a term of ten years, expiring December 1, 2020. As with all other grants of stock options and awards of restricted stock to our named executive officers and other executive officers, other than the number of options or

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restricted stock awarded, the terms and conditions of these stock option grants are the same as those made to all other employees. This includes a provision that if a participant retires (defined as the voluntary termination of employment, where no circumstances for termination for cause exist, upon the participant's achievement of at least 55 years of age and five years of service), then the participant may retain any option previously vested throughout the term of such option; as with our other option grants, any options that have not yet vested as of termination are forfeited.

Executive Officer Deposit Share Program

Our executive officers are eligible to participate in the Executive Officer Deposit Share Program that our board of directors adopted in March 2000. Under this program, our executive officers are entitled to use all or a portion of their after-tax annual cash bonus compensation to purchase at fair market value shares of restricted stock awarded under the 2000 Equity Incentive Plan. These shares are retained on deposit with us until the third anniversary of the date of deposit (deposit shares), and our company matches the deposit with a restricted stock grant equal to 50% of the shares deposited by the participant (award shares). If the participant is employed by us on the third anniversary of the deposit date and the deposit shares have remained on deposit with us through such date, the restrictions on the award shares will lapse. Four individuals currently participate in the Executive Officer Deposit Share Program, and 12,385 shares (including award shares) are currently on deposit under that program for all executive officers. Of the named executive officers currently participating in the Executive Officer Deposit Share Program, Mr. Johnson, and Mr. Wobby participate with (i) 1,933, and (ii) 4,068 respective deposit shares and (i) 966, and (ii) 2,034 respective award shares on deposit under the program. These amounts do not include the 40,447 shares (including award shares) no longer under deposit or subject to restrictions as of January 13, 2012, of which Mr. Noglows, Mr. Johnson, Mr. Weisman, Mr. Wobby, and Ms. Bernstein respectively had (i) 7,684, (ii) 4,015, (iii) 457, (iv) 4,190, and (v) 1,639 respective deposit shares and (i) 3,840, (ii) 2,007, (iii) 228, (iv) 2,094, and (v) 818 respective award shares. On December 9, 2009, Mr. Johnson and Mr. Wobby participated in the Executive Officer Deposit Share Program as follows: Mr. Johnson purchased 793 deposit shares and received 396 award shares; and Mr. Wobby purchased 634 deposit shares and received 317 award shares. The restrictions on the award shares will lapse on December 9, 2012 if the participant is employed by us at that time and the corresponding deposit shares have remained on deposit with us through such date. On December 13, 2010, Mr. Johnson and Mr. Wobby participated in the Executive Officer Deposit Share Program as follows: Mr. Johnson purchased 600 deposit shares and received 300 award shares; and Mr. Wobby purchased 1,922 deposit shares and received 961 award shares. The restrictions on the award shares will lapse on December 13, 2013 if the participant is employed by us at that time and the corresponding deposit shares have remained on deposit with us through such date. On December 15, 2011, Mr. Johnson and Mr. Wobby participated in the Executive Officer Deposit Share Program as follows: Mr. Johnson purchased 540 deposit shares and received 270 award shares; and Mr. Wobby purchased 1,512 deposit shares and received 756 award shares. The restrictions on the award shares will lapse on December 15, 2014 if the participant is employed by us at that time and the corresponding deposit shares have remained on deposit with us through such date.

Table of Contents**OUTSTANDING EQUITY AWARDS AT 2011 FISCAL YEAR-END**

The following table shows outstanding stock option awards classified as exercisable and unexercisable as of September 30, 2011 for each named executive officer. The table also shows unvested and unearned stock awards assuming a market value of \$34.39 a share (the closing market price of the company's stock on September 30, 2011).

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested
	(#)	(#)	(\$)		(#) ²	(\$)
William P. Noglows	Exercisable ¹	Unexercisable ¹				
	250,000		55.37	11/3/2013		
	250,000		37.78	12/10/2014		
	57,500		31.57	12/1/2016		
	40,500	13,500	37.40	11/30/2017		
	40,500	40,500	23.21	12/1/2018		
William S. Johnson	18,750	56,250	31.11	12/1/2019		
		75,000	41.51	12/1/2020		
					62,564	2,151,576
	40,000		42.72	4/1/2013		
	50,000		48.91	12/11/2013		
	68,000		37.78	12/10/2014		
	30,000		30.51	12/9/2015		
	26,000		31.57	12/1/2016		
	20,700	6,900	37.40	11/30/2017		
	8,100	16,100	23.21	12/1/2018		
Adam F. Weisman	7,125	21,375	31.11	12/1/2019		
		26,100	41.51	12/1/2020		
					24,883	855,726
Adam F. Weisman	30,000		30.51	12/9/2015		
	28,500		31.57	12/1/2016		

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	16,875	5,625	37.40	11/30/2017		
	14,500	14,500	23.21	12/1/2018		
	5,475	16,425	31.11	12/1/2019		
		19,200	41.51	12/1/2020		
Daniel S. Wobby	4,000		49.80	5/1/2012	18,600	639,654
	6,000		51.37	12/11/2012		
	20,000		48.91	12/11/2013		
	40,000		37.78	12/10/2014		
	45,000		30.51	12/9/2015		
	28,500		31.57	12/1/2016		
	12,825	4,275	37.40	11/30/2017		
	14,000	14,000	23.21	12/1/2018		
	4,725	14,175	31.11	12/1/2019		
		19,200	41.51	12/1/2020		
H. Carol Bernstein	42,000		49.80	5/1/2012	19,292	663,452
	47,500		51.37	12/11/2012		
	60,000		48.91	12/11/2013		
	43,000		37.78	12/10/2014		
	26,000		31.57	12/1/2016		
	12,375	4,125	37.40	11/30/2017		
	5,375	10,750	23.21	12/1/2018		
	4,725	14,175	31.11	12/1/2019		
		17,250	41.51	12/1/2020		
					15,653	538,307

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- ¹ These option grants vest or vested over four years in equal increments upon each anniversary of the grant date, other than the April 1, 2003 grant to Mr. Johnson, which vested over four years in equal increments beginning on the grant date, with a term expiring on the tenth anniversary of the grant date.
- ² The restricted stock awards granted to Mr. Noglows vest as follows: 25,000 shares vest over four years in equal increments upon each anniversary of the December 1, 2010 grant date, 18,750 shares vest over three years in equal increments upon each anniversary of the December 1, 2009 grant date, 13,500 shares vest over two years in equal increments upon each anniversary of the December 1, 2008 grant date, 4,500 shares vest on November 30, 2011, and 814 award shares vest on December 10, 2011. The restricted stock awards granted to Mr. Johnson vest as follows: 8,700 shares vest over four years in equal increments upon each anniversary of the December 1, 2010 grant date, 7,125 shares vest over three years in equal increments upon each anniversary of the December 1, 2009 grant date, 5,350 shares vest over two years in equal increments upon each anniversary of the December 1, 2008 grant date, 2,300 shares vest on November 30, 2011, 712 award shares vest on December 10, 2011, 396 award shares vest on December 9, 2012, and 300 award shares vest on December 13, 2013. The restricted stock awards granted to Mr. Weisman vest as follows: 6,400 shares vest over four years in equal increments upon each anniversary of the December 1, 2010 grant date, 5,475 shares vest over three years in equal increments upon each anniversary of the December 1, 2009 grant date, 4,850 shares vest over two years in equal increments upon each anniversary of the December 1, 2008 grant date, and 1,875 shares vest on November 30, 2011. The restricted stock awards granted to Mr. Wobby vest as follows: 6,400 shares vest over four years in equal increments upon each anniversary of the December 1, 2010 grant date, 4,725 shares vest over three years in equal increments upon each anniversary of the December 1, 2009 grant date, 4,650 shares vest over two years in equal increments upon each anniversary of the December 1, 2008 grant date, 1,425 shares vest on November 30, 2011, 814 award shares vest on December 10, 2011, 317 award shares vest on December 9, 2012, and 961 award shares vest on December 13, 2013. The restricted stock awards granted to Ms. Bernstein vest as follows: 5,750 shares vest over four years in equal increments upon each anniversary of the December 1, 2010 grant date, 4,725 shares vest over three years in equal increments upon each anniversary of the December 1, 2009 grant date, 3,600 shares vest over two years in equal increments upon each anniversary of the December 1, 2008 grant date, 1,375 shares vest on November 30, 2011, and 203 award shares vest on December 10, 2011.

2011 OPTION EXERCISES AND STOCK VESTED

The following table sets forth certain information regarding stock options exercised during fiscal year 2011 and stock awards vested during fiscal year 2011 for the named executive officers.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
	(#)	(\$) ¹	(#)	(\$) ¹
William P. Noglows	125,000	2,213,315	22,842	939,051
William S. Johnson	8,000	150,600	9,864	404,800
Adam F. Weisman	110,000	1,381,872	8,500	349,010
Daniel S. Wobby			8,242	339,278
H. Carol Bernstein	49,000	495,900	7,196	295,931

¹ For option awards, the value realized on exercise is equal to the aggregate difference between the exercise price of the options and the fair market value of the shares on the date of exercise. For stock awards, the value realized is the number of shares vested multiplied by the fair market value of the shares at the time of vesting.

Table of Contents**PENSION BENEFITS**

The company does not maintain a defined benefit pension program.

2011 NONQUALIFIED DEFERRED COMPENSATION

The company maintains the Cabot Microelectronics Corporation Supplemental Employee Retirement Plan, which is a nonqualified supplemental savings plan (the Supplemental Plan). The following table discloses the earnings and balances of our named executive officers under the company's Supplemental Plan that provides for compensation deferral on a non-tax-qualified basis.

Name	Registrant contributions in last FY (\$)¹	Aggregate earnings in last FY (\$)	Aggregate balance at last FYE (\$)
William P. Noglows	60,560	(28,480)	204,288
William S. Johnson	22,364	(3,544)	91,213
Adam F. Weisman	18,792	(4,185)	58,776
Daniel S. Wobby	14,244	(1,546)	47,467
H. Carol Bernstein	15,148	(3,107)	86,880

¹ These amounts are included in the All Other Compensation column of the Summary Compensation Table.

Effective May 1, 2000, the company adopted the Supplemental Plan covering all eligible employees as defined by the Supplemental Plan. Participants in the Supplemental Plan, including our named executive officers, do not make any contributions to the Supplemental Plan. The purpose of the Supplemental Plan is to provide for the deferral of the company contributions to certain highly compensated employees as defined under the provision of the Employee Retirement Income Security Act of 1974, as amended. Under the Supplemental Plan, the company contributes up to 4% of the named executive officers' eligible compensation in excess of the I.R.S. eligible compensation limit. All amounts contributed by the company and earnings on these contributions are fully vested at all times. The same menu of investment funds under the 401(k) Plan is available under the Supplemental Plan. Like the 401(k) Plan, all investment decisions are made by the participants. Participants in the Supplemental Plan are not permitted to make hardship withdrawals prior to termination and distributions under the Supplemental Plan are paid in a lump sum.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The following tables and the accompanying narrative show potential benefits payable to our named executive officers upon the occurrence of the events specified herein, assuming such events occurred on September 30, 2011 and excluding certain benefits generally available to all salaried employees. Except as noted, the amounts disclosed below reflect the aggregate potential payments under each scenario and category. These tables do not include amounts to the extent that the form and amount of any payment or benefit are fully disclosed in an earlier table.

Table of Contents*William P. Noglows*

The following table shows the potential payments upon termination with or without a change in control for named executive officer William P. Noglows, assuming such events occurred on September 30, 2011. Footnotes describing the assumptions in calculations are included following the last table in this section, as is a description of the employment terms and plans providing benefits specified in the table below.

Executive Benefits and Payments Upon Termination	Involuntary Not for Cause or Good Reason Termination			
	No Change in Control	In Connection with a Change in Control	Death	Disability
Salary Continuation	\$ 559,000 ¹	\$ 1,677,000		
Bonus Through Termination Date ²		\$ 1,200,000		
Bonus Continuation ²		\$ 3,600,000		
Contributions under Retirement Plans		\$ 245,959		
Accelerated Vesting of Stock Options ³	\$ 287,895	\$ 637,290	\$ 637,290	\$ 637,290
Accelerated Vesting of Restricted Stock ⁴		\$ 2,151,576	\$ 2,151,576	\$ 2,151,576
Post-termination Health Care ⁵		\$ 30,000		
Outplacement Services		\$ 83,850		
280G Tax Gross Up		\$ 3,045,264		
Total:	\$ 846,895	\$ 12,670,939	\$ 2,788,866	\$ 2,788,866

William S. Johnson

The following table shows the potential payments upon termination with or without a change in control for named executive officer William S. Johnson, assuming such events occurred on September 30, 2011. Footnotes describing the assumptions in calculations are included following the last table in this section, as is a description of the employment terms and plans providing benefits specified in the table below.

Executive Benefits and Payments Upon Termination	Involuntary Not for Cause or Good Reason Termination			
	No Change in Control	In Connection with a Change in Control	Death	Disability
Salary Continuation		\$ 696,000		
Bonus Through Termination Date ²		\$ 456,100		
Bonus Continuation ²		\$ 912,200		
Contributions under Retirement Plans		\$ 88,828		
Accelerated Vesting of Stock Options ³		\$ 250,108	\$ 250,108	\$ 250,108
Accelerated Vesting of Restricted Stock ⁴		\$ 855,726	\$ 855,726	\$ 855,726
Post-termination Health Care ⁵		\$ 20,000		
Outplacement Services		\$ 52,200		
280G Tax Gross Up		\$ 850,319		
Total:		\$ 4,181,481	\$ 1,105,834	\$ 1,105,834

Table of Contents*Adam F. Weisman*

The following table shows the potential payments upon termination with or without a change in control for named executive officer Adam F. Weisman, assuming such events occurred on September 30, 2011. Footnotes describing the assumptions in calculations are included following the last table in this section, as is a description of the employment terms and plans providing benefits specified in the table below.

Executive Benefits and Payments Upon Termination	Involuntary Not for Cause or Good Reason Termination		Death	Disability
	No Change in Control	In Connection with a Change in Control		
Salary Continuation		\$ 652,400		
Bonus Through Termination Date ²		\$ 388,600		
Bonus Continuation ²		\$ 777,200		