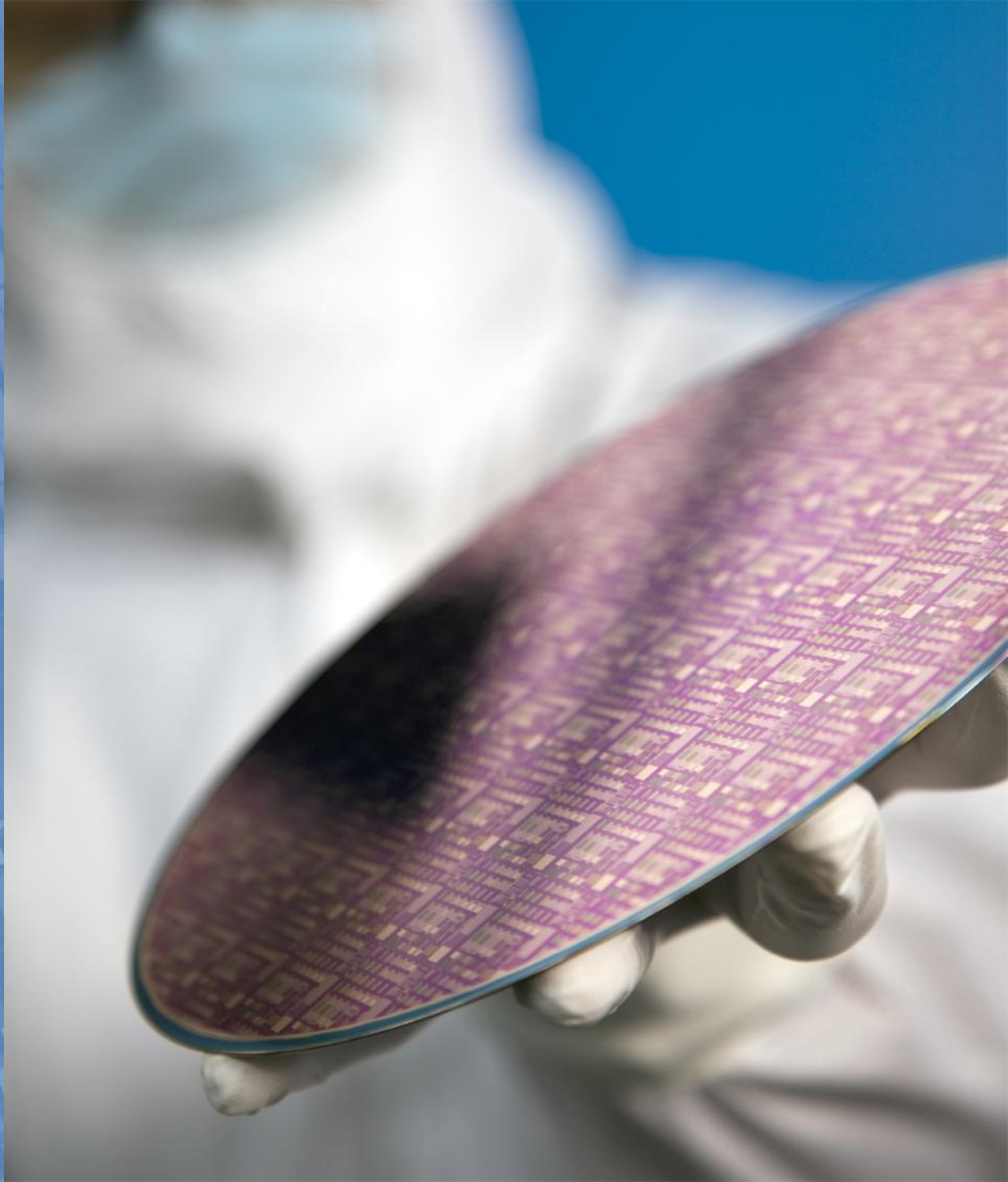




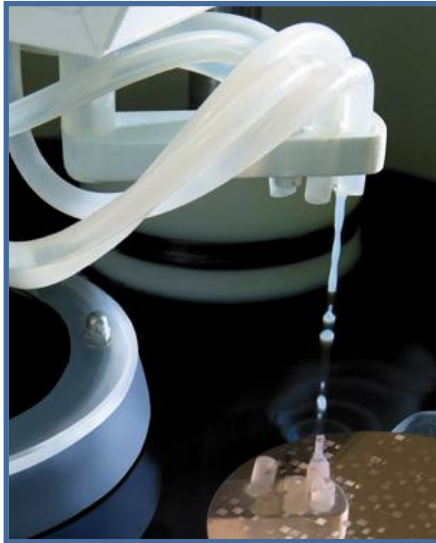
# Investor Presentation



# Safe Harbor Statement

*The information contained in and discussed during this presentation may include “forward-looking statements” within the meaning of federal securities regulations. These forward-looking statements involve a number of risks, uncertainties, and other factors, including those described in Cabot Microelectronics’ filings with the Securities and Exchange Commission (SEC), that could cause actual results to differ materially from those described by these forward-looking statements. Cabot Microelectronics Corporation assumes no obligation to update this forward-looking information.*

# Cabot Microelectronics Overview



- **Leading supplier of CMP\* slurries and growing supplier of CMP pads**
  - Triple the revenue of next closest CMP slurry supplier
  - Second largest CMP pad supplier
  - Supply all semiconductor manufacturers in the world
  - Robust product portfolio, serving all applications and technology nodes
  
- **Primarily a consumables-based business**
  - Revenue driven by wafer starts
  - Broad exposure across all types of semiconductors
  - Inherently less cyclical than semi-cap equipment peers
  
- **Financial strength**
  - Highly profitable
  - Limited capital intensity
  - Solid cash flow
  - New capital management initiative

\* CMP – Chemical Mechanical Planarization

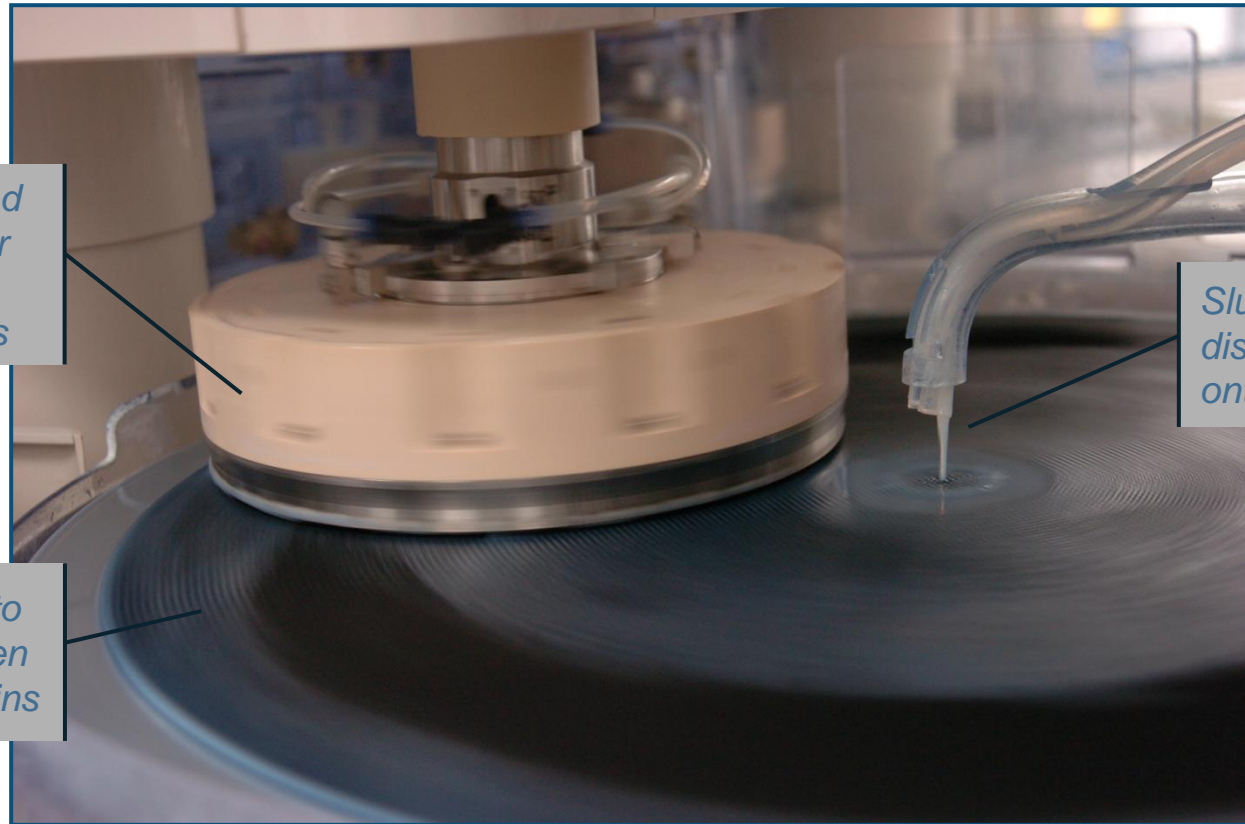
# Chemical Mechanical Planarization

## *CMP in Action*

*Polishing head presses wafer down against pad and spins*

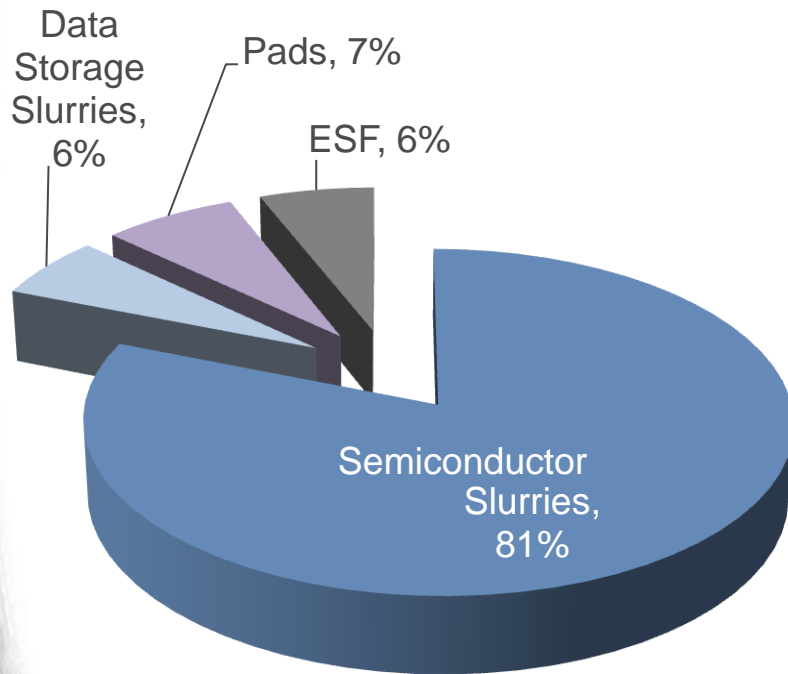
*Slurry is dispensed onto pad*

*Pad adheres to polishing platen and platen spins*



# Business Strategy

## Cabot Microelectronics FY11 Revenue (as a % of Total Revenue)

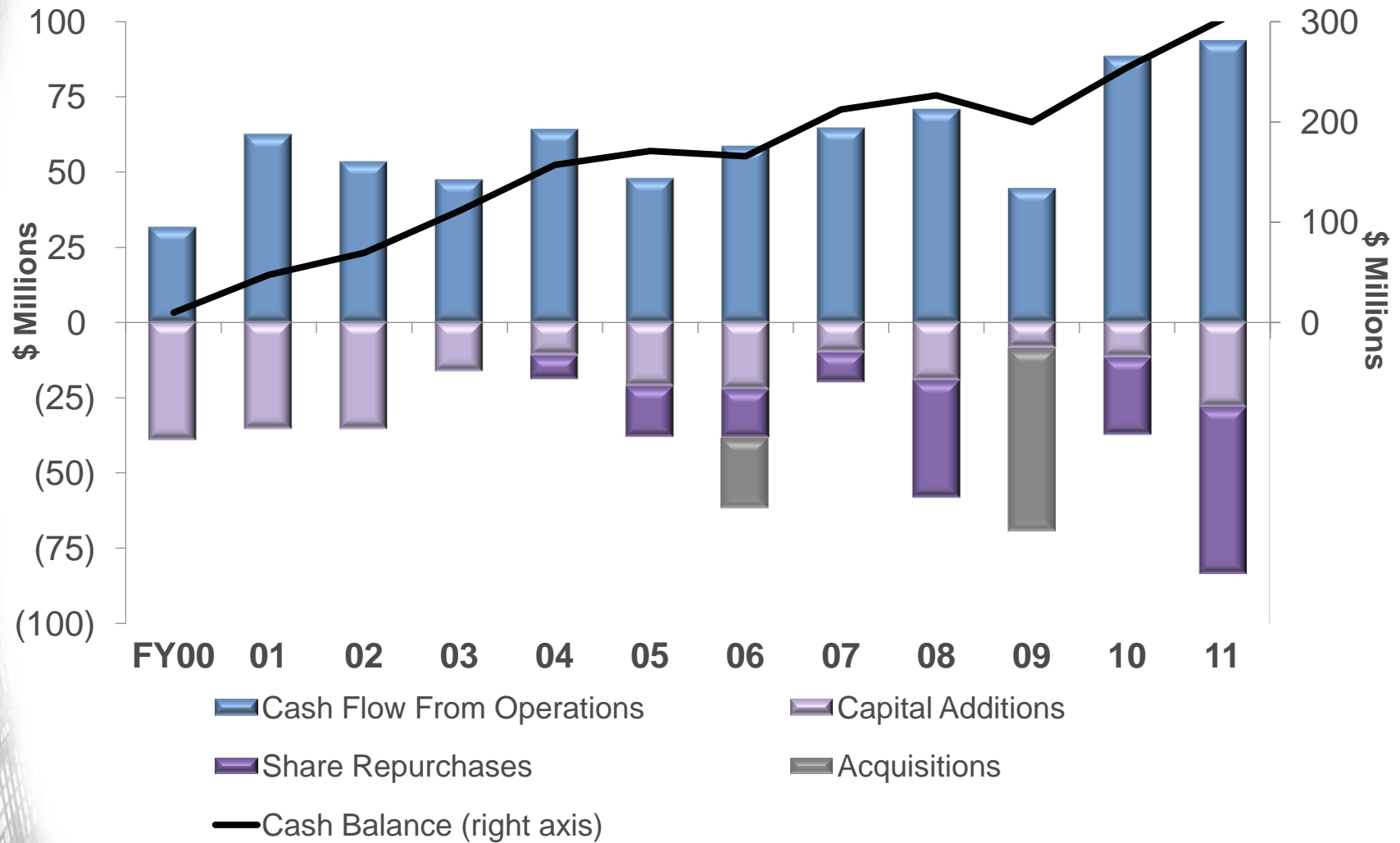


- **Primary strategy to strengthen and grow our core CMP consumables business**
  - Internal growth opportunities
    - CMP pads
    - CMP slurries, including Advanced Dielectrics
  - Also pursuing growth through acquisitions
- **Continue to advance our Engineered Surface Finishes (ESF) business**
  - Expand polishing expertise into new markets
  - Internal growth opportunities
    - Silicon wafer polishing
    - Precision optics

# New Capital Management Initiative

- **In December 2011, we announced a new capital management initiative to provide additional value to our shareholders**
  - Proposed leveraged recapitalization of the company
  - Proposed special cash dividend of \$15 per share, or approximately \$345 million in total, to be funded from cash balance and anticipated new term loan facility
  - Increase in existing share repurchase program to \$150 million
- **Strong cash flow has enabled us to invest in organic growth, complete several acquisitions, purchase a significant amount of our stock and also accumulate a sizeable cash balance in excess of our operational needs**
- **The proposed recapitalization should result in a more efficient balance sheet and reduce our cost of capital**
- **While this new capital management initiative represents a significant change in our capital allocation strategy, our long-term growth and investment strategies remain unchanged**
- **We intend to balance investments in our business with consideration of future opportunities to provide value to shareholders on an ongoing basis**

# Growth and Investment Strategies



# CMP Consumables Market

*CMP consumables market is primarily driven by wafer starts*



Sources: Semico (wafer starts)

Cabot Microelectronics' Internal Estimate (market size)

# Continued Strong End-Use Drivers

*Demand for CMP consumables is ultimately driven by end-use products, such as smart phones, tablets and other electronic devices*












Top End-Use Drivers	CAGR (2009-2014)
Smart Phones	176%
Tablets	152%
RFID & Smartcard	23%
Wireless Networks	19%
Automotive	18%
GPS & Digital TV	17%
Game Systems	15%



Source: IC Insights

# Robust Product Portfolio

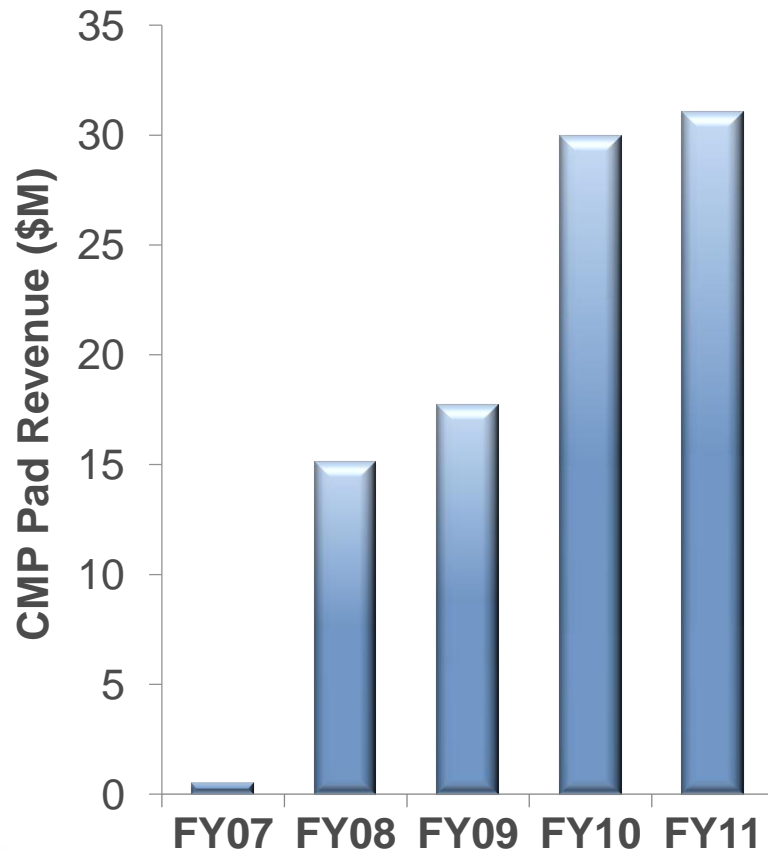
*We have a broad product portfolio, serving all applications and technology nodes to address both performance and cost of ownership*

	130 nm	90 nm	65 nm	45 nm	32 nm
Tungsten	 Semi-Sperse® Series W2000, W6000		 Series W7000, W7300, W7500		
Interlayer Dielectrics	 Semi-Sperse® Series 25				
Advanced Dielectrics*		 SiLECT® Series 6000	 Series D7000, D8000, N3000		
Copper	 EPOCH® Series 8000				
Barrier	 iCue® Series 5000, 6000, 7000			 Sentinel Series 8000	
Aluminum				 NOVUS® Series A7000	
Pads	 Epic Series D100, D200				

\* Includes Shallow Trench Isolation (STI) and Pre-Metal Dielectric (PMD) applications

# CMP Pads

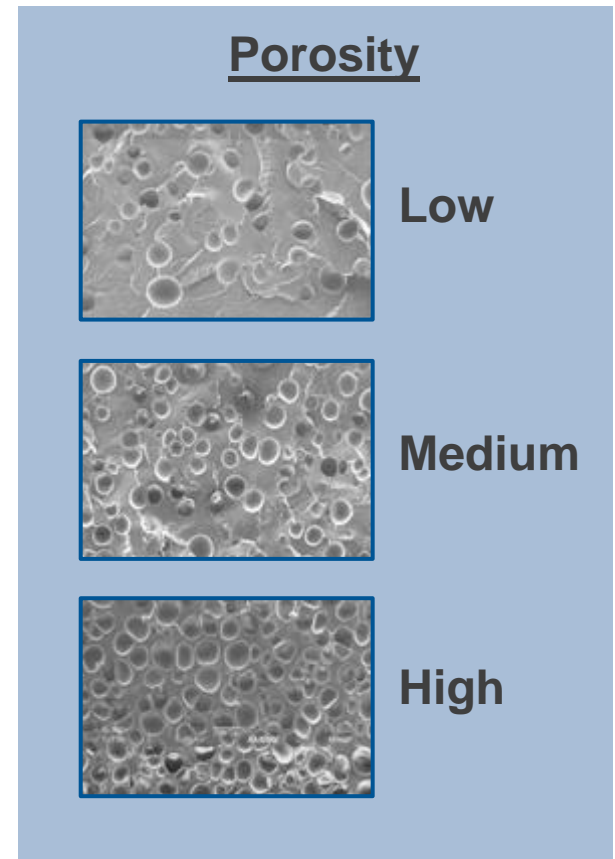
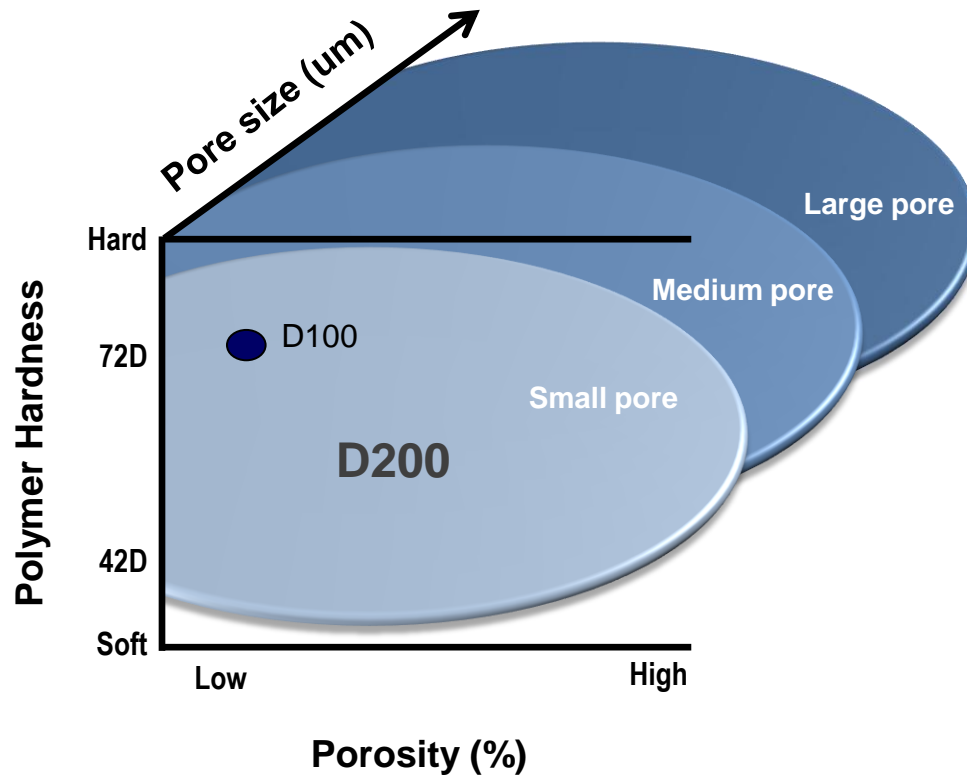
*Expect CMP polishing pad business to be a significant growth driver for the company*



- Leveraging existing CMP global infrastructure and expertise to serve a large complementary market
- Strong customer pull since CMP pad market is dominated by one main supplier, and customers want choices
- Compete on lower cost of ownership platform, achieved through longer pad life and lower defectivity
- Expanding Epic® D100 pad offerings
- Gaining traction with Epic® D200 pad platform
  - First customer adoption in Q2 FY11
  - Under evaluation with 10 prospective customers

# Epic<sup>®</sup> D200 Pad Platform

*Our Epic<sup>®</sup> D200 platform is tunable to meet a wide variety of customer needs while reducing defectivity*



# Other Markets

*We are leveraging the technology we developed for the semiconductor industry to expand into adjacent markets*



- **Silicon Wafer Polish**

- \$220 million TAM
- Edge, stock and final polish applications
- Early stages of commercialization



- **Optics Polishing and Metrology Systems**

- \$200 million TAM
- Served through acquired QED Technologies business
- Represents approximately 4 percent of revenue



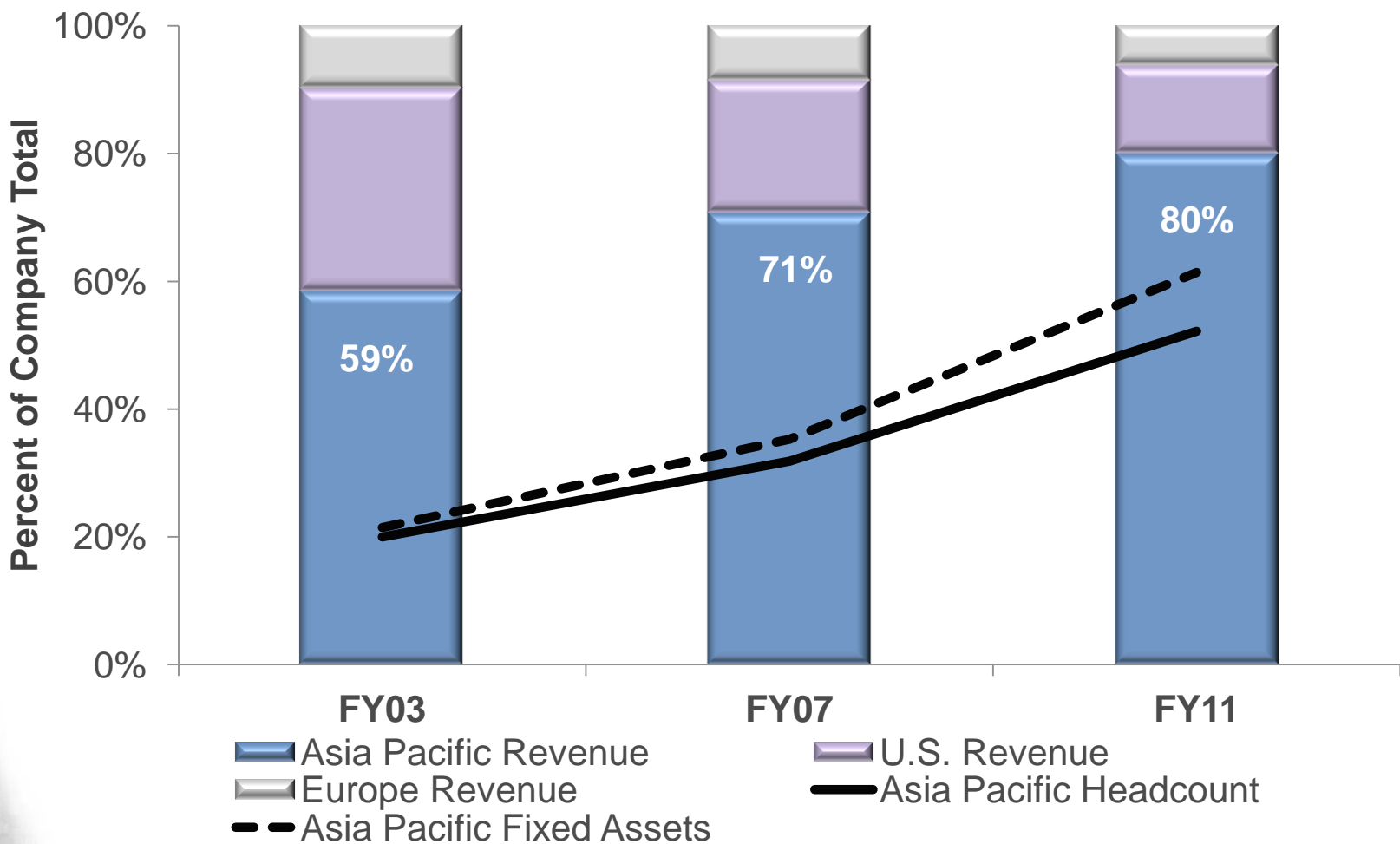
- **Data Storage Polishing Slurries**

- Currently serving an \$80 million TAM related to hard disk drives
- Slurries for nickel phosphate substrates and magnetic heads
- Developing glass substrate slurries (an incremental \$80 million TAM adjacency)
- Represents roughly 6 percent of revenue

# Increasing Presence in Asia Pacific

*We have expanded our infrastructure in the Asia Pacific region to better serve our growing customer base there.*

*Expansions during FY11 in Japan, Korea and Singapore.*



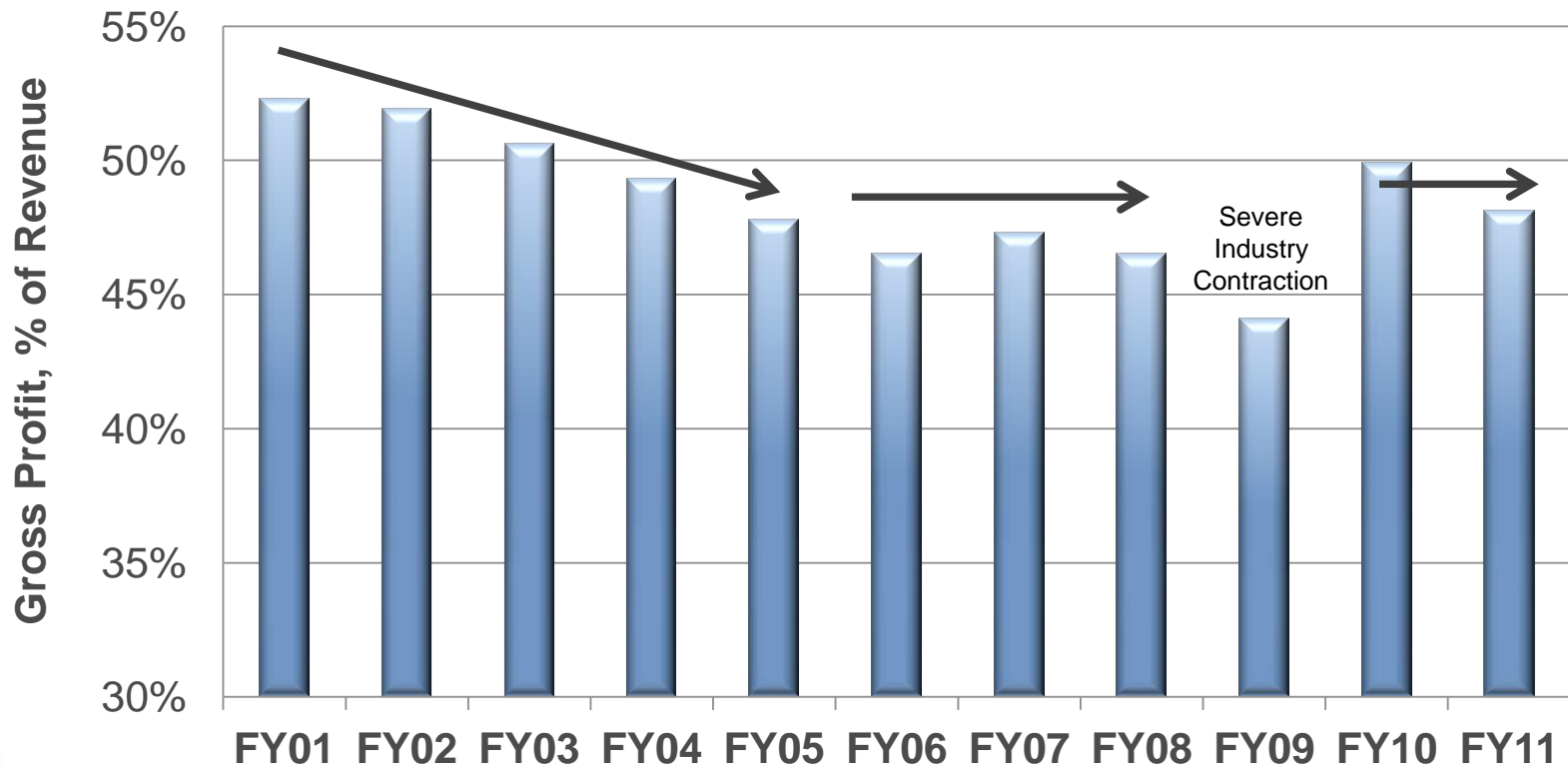
# Financial Model

	<i>FY11*</i>	<i>Comments</i>
<i>Revenue</i>	\$445.4M	<ul style="list-style-type: none"><li>▪ Record annual revenue</li><li>▪ Year over year revenue growth of 9.1%</li></ul>
<i>Gross Profit</i>	48.1%	<ul style="list-style-type: none"><li>▪ Expect FY12 full year gross profit percentage to be in the range of 46% to 48% of revenue</li><li>▪ Quarter to quarter fluctuations are typical</li></ul>
<i>Operating Expense, % of revenue</i>	30.0%	<ul style="list-style-type: none"><li>▪ Expect FY12 full year operating expenses to be in the range of \$135 - \$140 million</li></ul>
<i>Shares Outstanding</i>	23.4M	<ul style="list-style-type: none"><li>▪ Purchased approximately \$54 million of stock under the company's share repurchase programs</li></ul>
<i>Earnings Per Share</i>	\$2.20	<ul style="list-style-type: none"><li>▪ Record full year EPS</li></ul>

\* For fiscal year ended September 30, 2011

# Improved Gross Profit Margin

*Our disciplined pricing strategy, improving pad margins and productivity improvements have driven increases in our gross profit margin*



# Cabot Microelectronics Highlights

*Consistent execution of our strategies has positioned us well for continued success*



- **Largest CMP slurry supplier, serving all semiconductor manufacturers in the world**
- **Primarily a consumables-based business**
- **Above market growth opportunities across a number of areas**
  - CMP Pads
  - Advanced Dielectrics CMP slurries
  - Silicon Wafer Polish slurries
- **Highly profitable financial model and strong cash generator**
- **New capital management initiative to provide additional value to our shareholders**
  - Proposed leveraged recapitalization with special cash dividend
  - Increase in share repurchase program



Cabot  
Microelectronics

# Investor Presentation

