

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended

MARCH 31, 2009

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 000-30205

CABOT MICROELECTRONICS CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE
(State of Incorporation)

36-4324765
(I.R.S. Employer Identification No.)

870 NORTH COMMONS DRIVE
AURORA, ILLINOIS
(Address of principal executive offices)

60504
(Zip Code)

Registrant's telephone number, including area code: **(630) 375-6631**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer X Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO X

As of April 30, 2009, the Company had 23,410,745 shares of Common Stock, par value \$0.001 per share, outstanding.

CABOT MICROELECTRONICS CORPORATION

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PART I. FINANCIAL INFORMATION
ITEM 1.

CABOT MICROELECTRONICS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(Unaudited and in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2009	2008	2009	2008
Revenue	\$ 45,399	\$ 94,488	\$ 108,416	\$ 187,866
Cost of goods sold	<u>32,689</u>	<u>52,212</u>	<u>67,000</u>	<u>100,817</u>
Gross profit	12,710	42,276	41,416	87,049
Operating expenses:				
Research, development and technical	12,621	12,432	24,735	23,853
Selling and marketing	5,261	6,907	11,234	13,191
General and administrative	10,590	12,856	21,916	23,695
Purchased in-process research and development	1,500	-	1,500	-
Total operating expenses	<u>29,972</u>	<u>32,195</u>	<u>59,385</u>	<u>60,739</u>
Operating income (loss)	(17,262)	10,081	(17,969)	26,310
Other income, net	477	1,689	1,353	3,324
Income (loss) before income taxes	(16,785)	11,770	(16,616)	29,634
Provision (benefit) for income taxes	<u>(6,672)</u>	<u>3,828</u>	<u>(6,619)</u>	<u>9,493</u>
Net income (loss)	<u>\$ (10,113)</u>	<u>\$ 7,942</u>	<u>\$ (9,997)</u>	<u>\$ 20,141</u>
Basic earnings (loss) per share	<u>\$ (0.44)</u>	<u>\$ 0.34</u>	<u>\$ (0.43)</u>	<u>\$ 0.86</u>
Weighted average basic shares outstanding	<u>23,107</u>	<u>23,402</u>	<u>23,053</u>	<u>23,555</u>
Diluted earnings (loss) per share	<u>\$ (0.44)</u>	<u>\$ 0.34</u>	<u>\$ (0.43)</u>	<u>\$ 0.85</u>
Weighted average diluted shares outstanding	<u>23,107</u>	<u>23,416</u>	<u>23,053</u>	<u>23,587</u>

The accompanying notes are an integral part of these consolidated financial statements.

CABOT MICROELECTRONICS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited and in thousands, except share amounts)

	<u>March 31,</u> <u>2009</u>	<u>September 30,</u> <u>2008</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 158,971	\$ 221,467
Short-term investments	-	4,950
Accounts receivable, less allowance for doubtful accounts of \$1,222 at March 31, 2009, and \$403 at September 30, 2008	28,327	41,630
Inventories	52,764	47,466
Prepaid expenses and other current assets	16,198	10,714
Deferred income taxes	3,959	4,365
Total current assets	<u>260,219</u>	<u>330,592</u>
Property, plant and equipment, net	125,788	115,843
Goodwill	37,753	7,069
Other intangible assets, net	19,224	8,712
Deferred income taxes	12,366	11,178
Other long-term assets	15,646	4,043
Total assets	<u>\$ 470,996</u>	<u>\$ 477,437</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 9,312	\$ 13,885
Capital lease obligations	1,169	1,129
Accrued expenses and other current liabilities	12,535	22,787
Total current liabilities	<u>23,016</u>	<u>37,801</u>
Capital lease obligations	1,923	2,518
Other long-term liabilities	9,992	2,885
Total liabilities	<u>34,931</u>	<u>43,204</u>
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Common stock:		
Authorized: 200,000,000 shares, \$0.001 par value		
Issued: 26,108,979 shares at March 31, 2009, and 25,906,990 shares at September 30, 2008	26	26
Capital in excess of par value of common stock	206,244	198,022
Retained earnings	313,125	323,122
Accumulated other comprehensive income	6,995	3,054
Treasury stock at cost, 2,698,160 shares at March 31, 2009, and 2,683,809 shares at September 30, 2008	(90,325)	(89,991)
Total stockholders' equity	<u>436,065</u>	<u>434,233</u>
Total liabilities and stockholders' equity	<u>\$ 470,996</u>	<u>\$ 477,437</u>

The accompanying notes are an integral part of these consolidated financial statements.

CABOT MICROELECTRONICS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited and amounts in thousands)

	Six Months Ended March 31,	
	2009	2008
Cash flows from operating activities:		
Net income (loss)	\$ (9,997)	\$ 20,141
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,268	13,040
Share-based compensation expense	7,130	7,439
Deferred income tax benefit	(423)	(1,570)
Provision for doubtful accounts	816	(100)
Non-cash foreign exchange gain	(2,174)	(5,238)
Loss on disposal of property, plant and equipment	88	601
Impairment of property, plant and equipment	1,243	4
Purchased in-process research and development	1,500	-
Other	(928)	757
Changes in operating assets and liabilities:		
Accounts receivable	14,805	8,408
Inventories	(1,593)	(10,303)
Prepaid expenses and other assets	(3,891)	(2,765)
Accounts payable	(6,081)	(178)
Accrued expenses, income taxes payable and other liabilities	(11,140)	(739)
Net cash provided by operating activities	<u>1,623</u>	<u>29,497</u>
Cash flows from investing activities:		
Additions to property, plant and equipment	(4,652)	(11,392)
Acquisition of business, net of cash acquired	(60,491)	-
Purchases of investments	-	(233,775)
Proceeds from the sale of investments	50	346,640
Net cash provided by (used in) investing activities	<u>(65,093)</u>	<u>101,473</u>
Cash flows from financing activities:		
Repurchases of common stock	(334)	(24,002)
Net proceeds from issuance of stock	1,091	1,311
Principal payments under capital lease obligations	(555)	(528)
Net cash provided by (used in) financing activities	<u>202</u>	<u>(23,219)</u>
Effect of exchange rate changes on cash	772	1,980
Increase (decrease) in cash	(62,496)	109,731
Cash and cash equivalents at beginning of period	221,467	54,557
Cash and cash equivalents at end of period	<u>\$ 158,971</u>	<u>\$ 164,288</u>
Supplemental disclosure of non-cash investing and financing activities:		
Purchases of property, plant and equipment in accrued liabilities and accounts payable at the end of the period	\$ 562	\$ 1,913
Issuance of restricted stock	4,209	4,674
Assets acquired under capital leases	-	44

The accompanying notes are an integral part of these consolidated financial statements.

CABOT MICROELECTRONICS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited and in thousands, except share and per share amounts)

1. BACKGROUND AND BASIS OF PRESENTATION

Cabot Microelectronics Corporation ("Cabot Microelectronics", "the Company", "us", "we" or "our") supplies high-performance polishing slurries and pads used in the manufacture of advanced integrated circuit (IC) devices within the semiconductor industry, in a process called chemical mechanical planarization (CMP). CMP polishes surfaces at an atomic level, thereby enabling IC device manufacturers to produce smaller, faster and more complex IC devices with fewer defects. We believe we are the world's leading supplier of slurries for IC devices. We also develop, manufacture and sell CMP slurries for polishing certain components in hard disk drives, specifically rigid disk substrates and magnetic heads, and we believe we are one of the leading suppliers in this area. In addition, we develop, produce and sell CMP polishing pads, which are used in conjunction with slurries in the CMP process. We also pursue a variety of other demanding surface modification applications outside of the semiconductor and hard disk drive industries for which our capabilities and knowledge may provide value in improved surface performance or productivity. For additional information, refer to Part 1, Item 1, "Business", in our annual report on Form 10-K for the fiscal year ended September 30, 2008.

The unaudited consolidated financial statements have been prepared by Cabot Microelectronics Corporation pursuant to the rules of the Securities and Exchange Commission (SEC) and accounting principles generally accepted in the United States of America. In the opinion of management, these unaudited consolidated financial statements include all normal recurring adjustments necessary for the fair presentation of Cabot Microelectronics' financial position as of March 31, 2009, cash flows for the six months ended March 31, 2009, and March 31, 2008, and results of operations for the three and six months ended March 31, 2009, and March 31, 2008. The results of operations for the three and six months ended March 31, 2009, may not be indicative of the results to be expected for future periods, including the fiscal year ending September 30, 2009. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes thereto included in Cabot Microelectronics' annual report on Form 10-K for the fiscal year ended September 30, 2008. We currently operate predominantly in one industry segment - the development, manufacture and sale of CMP consumables.

The consolidated financial statements include the accounts of Cabot Microelectronics and its subsidiaries. All intercompany transactions and balances between the companies have been eliminated as of March 31, 2009.

2. BUSINESS COMBINATION

On February 27, 2009, we completed the acquisition of Epoch Material Co., Ltd. (Epoch), which previously was a consolidated subsidiary of Eternal Chemical Co., Ltd. (Eternal). Epoch is a Taiwan-based company specializing in the development, manufacture and sale of copper CMP slurries and CMP cleaning solutions to the semiconductor industry, and color filter slurries to the liquid crystal display (LCD) industry. At the initial closing of the transaction on February 27, 2009, we paid \$59,391 to obtain 90% of Epoch's stock, plus \$699 of transaction costs, from our available cash balance. We expect to pay an additional \$6,600 to Eternal in August 2010 to acquire the remaining 10% of Epoch's stock and we have placed \$6,600 in an escrow account in Taiwan to be held for this purpose until the payment date. The escrow account is recorded as long-term restricted cash at March 31, 2009 and is included with other long-term assets on our Consolidated Balance Sheet. During this interim period, Eternal will continue to hold the remaining 10% ownership interest in Epoch. However, Eternal has waived rights to any interest in the earnings of Epoch during the interim period, including any associated dividends. Consequently, we have recorded a \$6,600 long-term liability on our Consolidated Balance Sheet at March 31, 2009 rather than recording a minority interest in Epoch.

CABOT MICROELECTRONICS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited and in thousands, except share and per share amounts)

We account for all business combinations in accordance with Statement of Financial Accounting Standards No. 141, “Business Combinations” (SFAS 141). Accordingly, the assets and liabilities of the acquired entity are recorded at their estimated fair values at the date of acquisition. Goodwill represents the excess of the purchase price over the fair value of net assets and amounts assigned to identifiable intangible assets. Purchased in-process research and development (IPR&D), for which technological feasibility has not yet been established and no future alternative uses exist, is expensed immediately in accordance with SFAS 141.

The purchase price for Epoch was allocated to tangible assets, liabilities assumed, identified intangible assets acquired, as well as IPR&D, based on our preliminary estimation of their fair values. The excess of the purchase price over the aggregate fair values was recorded as goodwill. The following table summarizes the preliminary purchase price allocation.

	At February 27, 2009
Current assets	\$ 11,453
Long-term assets	13,965
In-process research and development	1,500
Identified intangible assets	11,510
Goodwill	29,758
Total assets acquired	68,186
Total liabilities assumed	1,496
Net assets acquired	\$ 66,690

Results of Epoch’s operations from February 27, 2009, through the end of the fiscal quarter are included in our consolidated financial statements. Pro forma results of operations from prior periods have not been presented because the effects of the acquisition were not material to the Company’s results.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

On October 1, 2008, we adopted the provisions of Statement of Financial Accounting Standards No. 157, “Fair Value Measurement” (SFAS 157) for all financial assets and financial liabilities. SFAS 157 establishes a common definition for fair value in generally accepted accounting principles, establishes a framework for measuring fair value and expands disclosure about such fair value measurements. On October 1, 2008, we also adopted FASB Staff Position (FSP) 157-3, “Determining the Fair Value of a Financial Asset When the Market for that Asset is Not Active” (FSP 157-3), which clarifies the application of SFAS 157 in an inactive market and illustrates how an entity would determine fair value when the market for a financial asset is not active. In accordance with FSP 157-2, “Effective Date of FASB Statement No. 157” (FSP 157-2), we have not yet adopted the provisions of SFAS 157 that relate to non-financial assets and non-financial liabilities.

On October 1, 2008, we adopted the provisions of SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115” (SFAS 159). SFAS 159 allows measurement at fair value of eligible financial assets and financial liabilities that are not otherwise measured at fair value on an instrument-by-instrument basis (the “fair value option”). We did not elect the fair value option for any financial assets or financial liabilities that were not previously required to be measured at fair value.

CABOT MICROELECTRONICS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited and in thousands, except share and per share amounts)

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments", FSP FAS 107-1 and APB 28-1, "Interim Disclosures About Fair Value of Financial Instruments", and FSP FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly". These Staff Positions provide additional guidance regarding the measurement and disclosure of fair value in financial statements. As discussed in Note 15 of this 10-Q, we are not yet required to adopt these Staff Positions, but we do not believe these pronouncements will have a material impact on our financial statements and related disclosures.

SFAS 157 defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 establishes a three-level hierarchy for disclosure based on the extent and level of judgment used to estimate fair value. Level 1 inputs consist of valuations based on quoted market prices in active markets for identical assets or liabilities. Level 2 inputs consist of valuations based on quoted prices for similar assets or liabilities, quoted prices for identical assets or liabilities in an inactive market, or other observable inputs. Level 3 inputs consist of valuations based on unobservable inputs that are supported by little or no market activity.

The following table presents financial assets that we measured at fair value on a recurring basis at March 31, 2009. As permitted under the relevant pronouncements, we have chosen to not measure any of our financial liabilities at fair value in accordance with SFAS 157 and SFAS 159 as we believe our financial liabilities approximate their fair value due to their short-term, highly liquid characteristics. We have classified these assets in accordance with the fair value hierarchy set forth in SFAS 157. In instances where the inputs used to measure the fair value of an asset fall into more than one level of the hierarchy, we have classified them based on the lowest level input that is significant to the determination of the fair value.

	Level 1	Level 2	Level 3	Total Fair Value
Cash and cash equivalents	\$ 158,971	\$ -	\$ -	\$ 158,971
Auction rate securities (ARS)	-	-	8,116	8,116
Total	\$ 158,971	\$ -	\$ 8,116	\$ 167,087

Our cash and cash equivalents consist of various bank accounts used to support our operations and investments in institutional money-market funds which are traded in active markets.

Our ARS investments at March 31, 2009 consisted of two tax exempt municipal debt obligations. We experienced our first failed auction in February 2008, and since that time the auctions of our two ARS have continued to fail. Despite the failed auctions, there have been no defaults of the underlying securities and interest income on these holdings continues to be received on scheduled interest payment dates. Our ARS, when purchased, were generally issued by A-rated municipalities. However, the credit rating of one security (with a par value of \$3,400) was downgraded during our second quarter of fiscal 2008. Both of our ARS (including the downgraded security) are credit enhanced with bond insurance to obtain a credit rating of AAA.

Since an active market for ARS does not currently exist, we determine the fair value of these investments using a Level 3 discounted cash flow analysis and also consider other factors such as the reduced liquidity in the ARS market and nature of the insurance backing. Key inputs to our discounted cash flow model included projected cash flows from interest and principal payments and the weighted probabilities of future successful auctions or debt refinancing by the issuer. We also incorporate certain Level 2 market indices into the discounted cash flow analysis, including published rates such as the LIBOR rate and a municipal swap index published by the Securities Industry and Financial Markets Association.

CABOT MICROELECTRONICS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited and in thousands, except share and per share amounts)

Based on our fair value assessment, we determined that one ARS continues to be temporarily impaired as of March 31, 2009. This security has a fair value of \$3,166 (par value \$3,400) and has been classified as a long-term asset in Other Long-Term Assets on the Consolidated Balance Sheet. We believe that this ARS is not permanently impaired because in the event of default by the municipality, the insurance provider would pay interest and principal following the original repayment schedule and we have the intent and ability to hold this investment until the value recovers, which may be at maturity. During our second fiscal quarter ended March 31, 2009, we were able to successfully monetize at par value \$50 of this security as the municipality refinanced a portion of its debt. We determined that the fair value of the other ARS was not impaired as of March 31, 2009. See Note 6 for more information on these investments.

4. INVENTORIES

Inventories consisted of the following:

	<u>March 31,</u> <u>2009</u>	<u>September 30,</u> <u>2008</u>
Raw materials	\$ 30,032	\$ 21,378
Work in process	4,368	4,628
Finished goods	18,364	21,460
Total	<u>\$ 52,764</u>	<u>\$ 47,466</u>

The increase in raw material inventory during the six months ended March 31, 2009 is primarily due to raw materials that have been purchased under our supply agreements which have minimum volume purchase requirements based on a six-month forecast. The decrease in demand for our products during the first six months of fiscal 2009 and our corresponding reduction in production occurred faster than we were able to reduce the forecast of raw materials, causing an increase in raw material inventory levels.

CABOT MICROELECTRONICS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited and in thousands, except share and per share amounts)

5. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill was \$37,753 as of March 31, 2009, and \$7,069 as of September 30, 2008. The increase in goodwill resulted from the \$29,758 of goodwill allocated to the acquisition of Epoch as discussed in Note 2, plus \$926 due to foreign currency fluctuation of the Taiwan dollar related to Epoch.

In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142), goodwill and indefinite lived intangible assets are tested for impairment annually in the fourth fiscal quarter or more frequently if indicators of potential impairment exist, using a fair-value-based approach. The recoverability of goodwill and other intangible assets with indefinite lives is measured at the reporting unit level, which is defined as either an operating segment or one level below an operating segment. We have consistently determined the fair value of our reporting units using a discounted cash flow analysis of our projected future results. The use of discounted projected future results is based on assumptions that are consistent with our estimates of future growth and the strategic plan used to manage the underlying business. Factors requiring significant judgment include assumptions related to future growth rates, discount factors and tax rates, among others. Changes in economic and operating conditions that occur after the annual impairment analysis or an interim impairment analysis that impact these assumptions may result in future impairment charges.

We completed our annual impairment test during our fourth quarter of fiscal 2008 and we performed an interim impairment test at the end of our first quarter of fiscal 2009. We determined that no impairment existed as of either time period. However, based upon the continued deterioration of the global economy and continued softening of demand for our products driven by the global economic recession, we concluded that sufficient indicators existed to perform an interim impairment analysis at March 31, 2009 for one of our reporting units that has a \$5,000 carrying value of goodwill. Our impairment analysis at March 31, 2009 included revised estimates of future revenue and income projections. These projections are based on management's view of market and economic data that we use to create future scenarios. Management combines this data with estimates of our mix of products sold, production costs and the level at which we use our manufacturing capacity. We discounted the resulting projected cash flows over a range of discount rates between 11% and 15%, using discount rates comprised of the published cost of capital for our peer companies. We determined our goodwill and intangible assets with indefinite lives were not impaired as of March 31, 2009.

Due to the ongoing uncertainty in market and economic conditions, which may continue to negatively impact the Company's operating results and overall market value, management will continue to monitor and evaluate the carrying value of goodwill and intangible assets with indefinite lives. If market and economic conditions deteriorate further and cost-cutting measures do not improve the profitability, and our estimates of future operating results are not met, we may have to reassess the impairment of goodwill prior to the fourth quarter of fiscal 2009. A 10% decline in our cash flow projections would have resulted in the calculated fair value of one of our reporting units being less than its carrying value under our projection of a slow economic recovery. This would require us to complete additional goodwill impairment testing as defined in SFAS 142.

CABOT MICROELECTRONICS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited and in thousands, except share and per share amounts)

The components of other intangible assets are as follows:

	<u>March 31, 2009</u>		<u>September 30, 2008</u>	
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>
Other intangible assets subject to amortization:				
Product technology	\$ 7,978	\$ 1,510	\$ 5,380	\$ 1,210
Acquired patents and licenses	8,000	5,675	8,000	4,716
Trade secrets and know-how	2,550	2,550	2,550	2,550
Distribution rights, customer lists and other	10,727	1,486	1,457	1,389
Total other intangible assets subject to amortization	<u>29,255</u>	<u>11,221</u>	<u>17,387</u>	<u>9,865</u>
Total other intangible assets not subject to amortization*	<u>1,190</u>		<u>1,190</u>	
Total other intangible assets	<u>\$ 30,445</u>	<u>\$ 11,221</u>	<u>\$ 18,577</u>	<u>\$ 9,865</u>

* Total other intangible assets not subject to amortization primarily consist of trade names.

Changes in the amounts recorded as other intangible assets included \$11,510 of intangible assets added as a result of our acquisition of Epoch and an increase of \$358 due to foreign currency fluctuation of the Taiwan dollar. We acquired \$2,520 in product technology assets with an average useful life of seven years and we acquired \$8,990 of customer lists and other intangible assets with a weighted average useful life of approximately nine years. We also purchased \$1,500 of IPR&D related to one project. The amount allocated to IPR&D was determined through established valuation techniques and was expensed upon acquisition because technological feasibility had not yet been established and no alternative future uses exist.

Amortization expense on our other intangible assets was \$661 and \$1,339 for the three and six months ended March 31, 2009, respectively. Amortization expense was \$720 and \$1,440 for the three and six months ended March 31, 2008, respectively. Estimated future amortization expense for the five succeeding fiscal years is as follows:

<u>Fiscal Year</u>	<u>Estimated Amortization Expense</u>
Remainder of 2009	\$1,148
2010	2,297
2011	2,290
2012	2,290
2013	2,290

Intangible assets with finite lives are reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". As a result of the impairment indicators described above, we tested our intangible assets with finite lives for impairment during our fiscal quarter ended March 31, 2009 and determined there was no impairment.

CABOT MICROELECTRONICS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited and in thousands, except share and per share amounts)

6. OTHER LONG-TERM ASSETS

Other long-term assets consisted of the following:

	<u>March 31, 2009</u>	<u>September 30, 2008</u>
Long-term investments	\$ 8,116	\$ 3,216
Long-term restricted cash	6,600	-
Other long-term assets	930	827
Total	<u>\$ 15,646</u>	<u>\$ 4,043</u>

As discussed in Note 3 of this Form 10-Q, our two ARS that we owned as of March 31, 2009 are classified as long-term assets. The securities are credit enhanced with bond insurance to a AAA credit rating and all interest payments continue to be received on a timely basis. Although we believe these securities will ultimately be collected in full, we believe that it is not likely that we will be able to monetize the securities in our next business cycle (which for us is generally one year). One of these securities with a fair value and par value of \$4,950 had been classified as a short-term investment at September 30, 2008. Since the auctions on this security have continued to fail for more than one year, we reclassified the \$4,950 to other long-term assets on our Consolidated Balance Sheet during the quarter ended March 31, 2009. We maintained a \$234 pretax reduction (\$151 net of tax) in fair value on the other ARS, which is consistent with the fair value reduction as of September 30, 2008. We continue to believe this decline in fair value is temporary based on the nature of the underlying debt, the presence of AAA-rated bond insurance, our expectation that the issuer may refinance its debt, the fact that all interest payments have been received, and our intention and ability to hold the security until the value recovers, which may be at maturity, given our current cash position, our expected future cash flow, and our unused debt capacity.

As discussed in Note 2 of this Form 10-Q, we completed the acquisition of Epoch during the quarter ended March 31, 2009. The terms of this acquisition required us to place \$6,600 in an escrow account representing the cash we expect to pay to Eternal in August 2010 for the remaining 10% ownership interest in Epoch. This cash in escrow is recorded as long-term restricted cash in Other Long-Term Assets on our Consolidated Balance Sheet as of March 31, 2009.

7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	<u>March 31, 2009</u>	<u>September 30, 2008</u>
Accrued compensation	\$ 6,097	\$ 16,206
Goods and services received, not yet invoiced	1,330	2,060
Warranty accrual	177	863
Taxes, other than income taxes	1,223	998
Other	3,708	2,660
Total	<u>\$ 12,535</u>	<u>\$ 22,787</u>

The decrease in accrued compensation resulted primarily from the payment of our annual bonus related to fiscal year ended September 30, 2008.

CABOT MICROELECTRONICS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited and in thousands, except share and per share amounts)

8. DERIVATIVE FINANCIAL INSTRUMENTS

On January 1, 2009, we adopted the provisions of SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" (SFAS 161), which requires enhanced disclosures about an entity's derivatives and hedging activities. We are required to provide enhanced disclosures about (a) how and why derivative instruments are used, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133) and related interpretations, and (c) how derivative instruments and related hedged items affect our financial position, financial performance and cash flows.

Periodically we enter into forward foreign exchange contracts in an effort to mitigate the risks associated with currency fluctuations on certain foreign currency balance sheet exposures. Our foreign exchange contracts do not qualify for hedge accounting under SFAS No. 133, as amended by SFAS No. 149, "Amendment of Statement 133 on Instruments and Hedging Activities", and SFAS No. 52, "Foreign Currency Translation" (SFAS 52); therefore, the gains and losses resulting from the impact of currency exchange rate movements on our forward foreign exchange contracts are recognized as other income or expense in the accompanying consolidated income statements in the period in which the exchange rates change. We do not use derivative financial instruments for trading or speculative purposes. In addition, all derivatives, whether designated in hedging relationships or not, are required to be recorded on the balance sheet at fair value. At March 31, 2009, we had one forward foreign exchange contract selling Japanese Yen related to an intercompany note with one of our subsidiaries in Japan and for the purpose of hedging the risk associated with a net transactional exposure in Japanese Yen.

The fair value of our derivative instrument included in the Consolidated Balance Sheet was as follows:

	Balance Sheet Location	Asset Derivatives		Liability Derivatives	
		Fair Value at March 31, 2009	Fair Value at September 30, 2008	Fair Value at March 31, 2009	Fair Value at September 30, 2008
<u>Derivatives not designated as hedging instruments under SFAS 133</u>					
Foreign exchange contracts	Prepaid expenses and other current assets	\$803	\$26	\$-	\$-

The following table summarizes the effect of our derivative instrument on our Consolidated Statement of Income (Loss) for the three and six months ended March 31:

	Statement of Income (Loss) Location	Gain (Loss) Recognized in Statement of Income (Loss)			
		Three Months Ended		Six Months Ended	
		March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
<u>Derivatives not designated as hedging instruments under SFAS 133</u>					
Foreign exchange contracts	Other income, net	\$3,143	\$(3,757)	\$(2,006)	\$(4,063)

CABOT MICROELECTRONICS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited and in thousands, except share and per share amounts)

9. CONTINGENCIES

While we are not involved in any legal proceedings that we believe will have a material impact on our consolidated financial position, results of operations or cash flows, we periodically become a party to legal proceedings in the ordinary course of business. For example, in January 2007, we filed a legal action against DuPont Air Products NanoMaterials LLC (DA Nano), a CMP slurry competitor, in the United States District Court for the District of Arizona, charging that DA Nano's manufacturing and marketing of CMP slurries infringe five CMP slurry patents that we own. The affected DA Nano products include certain products used for tungsten CMP. We filed our infringement complaint as a counterclaim in response to an action filed by DA Nano in the same court in December 2006 that seeks declaratory relief and alleges non-infringement, invalidity and unenforceability regarding some of the patents at issue in our complaint against DA Nano. DA Nano filed its complaint following our refusal of its request that we license to it our patents raised in its complaint. DA Nano's complaint does not allege any infringement by our products of intellectual property owned by DA Nano. On July 25, 2008, the District Court issued its patent claim construction, or "Markman" Order ("Markman Order") in the litigation. In a Markman ruling, a district court hearing a patent infringement case interprets and rules on the scope and meaning of disputed patent claim language regarding the patents in suit. We believe that a Markman decision is often a significant factor in the progress and outcome of patent infringement litigation. In the Markman Order, the District Court adopted interpretations that we believe are favorable to Cabot Microelectronics on all claim terms that were in dispute in the litigation. On January 27, 2009, we filed a motion for summary judgment on DA Nano's infringement of certain of the patents at issue in the suit, because we believe the evidence demonstrates that there is no dispute of material fact as to DA Nano's infringement of all of these patents with DA Nano's accused products used for tungsten CMP. On the same date, DA Nano filed a motion for summary judgment on non-infringement and invalidity of certain of the patents at issue in the suit. Although no trial date has been set, prior to the parties' filing of their respective summary judgment motions, we had expected trial in this matter to occur sometime during calendar 2009. However, the existence of the respective motions for summary judgment is expected to cause a later trial date. While the outcome of this and any legal matter cannot be predicted with certainty, we believe that our claims and defenses in the pending action are meritorious, and we intend to pursue and defend them vigorously.

Refer to Note 16 of "Notes to the Consolidated Financial Statements" in Item 8 of Part II of our annual report on Form 10-K for the fiscal year ended September 30, 2008, for additional information regarding commitments and contingencies.

PRODUCT WARRANTIES

We maintain a warranty reserve that reflects management's best estimate of the cost to replace product that does not meet customers' specifications and performance requirements, and costs related to such replacement. The warranty reserve is based upon a historical product replacement rate, adjusted for any specific known conditions or circumstances. Additions and deductions to the warranty reserve are recorded in cost of goods sold. Our warranty reserve requirements changed during the first six months of fiscal 2009 as follows:

Balance as of September 30, 2008	\$	863
Reserve for product warranty during the reporting period		397
Adjustments to pre-existing warranty reserve		(648)
Settlement of warranty		(435)
Balance as of March 31, 2009	\$	<u>177</u>

CABOT MICROELECTRONICS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited and in thousands, except share and per share amounts)

10. SHARE-BASED COMPENSATION PLANS

We record share-based compensation expense under the provisions of Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" (SFAS 123R) using the straight-line approach. We currently issue share-based payments under the following programs: our Second Amended and Restated Cabot Microelectronics Corporation 2000 Equity Incentive Plan, as amended and restated September 26, 2006 ("2000 Equity Incentive Plan"); our Cabot Microelectronics Corporation Employee Stock Purchase Plan (ESPP), which was amended to become the Cabot Microelectronics Corporation 2007 Employee Stock Purchase Plan and approved by our shareholders on March 4, 2008; and, pursuant to our 2000 Equity Incentive Plan, our Directors' Deferred Compensation Plan, as amended September 26, 2006 and our 2001 Executive Officer Deposit Share Program. For additional information regarding these programs, refer to Note 11 of "Notes to the Consolidated Financial Statements" included in Item 8 of Part II of our annual report on Form 10-K for the fiscal year ended September 30, 2008. In conjunction with certain cost reduction initiatives we implemented in the second quarter of fiscal 2009, the ESPP has been amended to suspend the 15% discount from the fair market value of our stock that employees previously received on their ESPP purchases. Pursuant to the amended ESPP, effective with the six-month period beginning January 1, 2009, the ESPP shares are now purchased at a price equal to the lower of the closing price at the beginning or end of each semi-annual offering period.

We record share-based compensation expense for all of our share-based awards including stock options, restricted stock, restricted stock units and employee stock purchases. We use the Black-Scholes model to estimate the grant date fair value of our stock options and employee stock purchases. This model requires the input of highly subjective assumptions, including the price volatility of the underlying stock and the expected term of our stock options. We estimate the expected volatility of our stock based on a combination of our stock's historical volatility and the implied volatilities from actively-traded options on our stock. We calculate the expected term of our stock options using the simplified method as discussed in Topic 14 of the Staff Accounting Bulletin Series, "Share-Based Payment", due to our limited amount of historical option exercise data, and we add a slight premium to this expected term for employees who meet the definition of retirement pursuant to their grants during the contractual term. The fair value of our restricted stock and restricted stock unit awards represents the closing price of our common stock on the date of grant. Share-based compensation expense related to stock option grants, restricted stock and restricted stock unit awards is recorded net of expected forfeitures. Our estimated forfeiture rate is primarily based on historical experience, but may be revised in future periods if actual forfeitures differ from the estimate.

Share-based compensation expense under SFAS 123R for the three and six months ended March 31, 2009, and 2008, was as follows:

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2009	2008	2009	2008
Cost of goods sold	\$ 207	\$ 276	\$ 553	\$ 525
Research, development and technical	234	301	622	602
Selling and marketing	275	381	694	733
General and administrative	2,180	2,987	5,261	5,579
Total share-based compensation expense	2,896	3,945	7,130	7,439
Tax benefit	1,034	1,406	2,547	2,650
Total share-based compensation expense, net of tax	\$ 1,862	\$ 2,539	\$ 4,583	\$ 4,789

For additional information regarding the estimation of fair value, refer to Note 11 of "Notes to the Consolidated Financial Statements" included in Item 8 of Part II of our annual report on Form 10-K for the fiscal year ended September 30, 2008.

CABOT MICROELECTRONICS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited and in thousands, except share and per share amounts)

11. OTHER INCOME, NET

Other income, net, consisted of the following:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2009	2008	2009	2008
Interest income	\$ 156	\$ 1,575	\$ 890	\$ 3,517
Interest expense	(79)	(101)	(180)	(206)
Other income (expense)	400	215	643	13
Total other income, net	<u>\$ 477</u>	<u>\$ 1,689</u>	<u>\$ 1,353</u>	<u>\$ 3,324</u>

The decrease in interest income during the three and six months ended March 31, 2009 was primarily due to lower interest rates earned on our cash and short-term investments compared to the same periods in fiscal 2008.

12. COMPREHENSIVE INCOME (LOSS)

The components of comprehensive income (loss) were as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2009	2008	2009	2008
Net income (loss)	\$ (10,113)	\$ 7,942	\$ (9,997)	\$ 20,141
Other comprehensive income:				
Net unrealized gain on derivative instruments	8	9	17	18
Foreign currency translation adjustment	(1,544)	4,024	3,897	5,362
Unrealized loss on investments	-	(335)	-	(335)
Minimum pension liability adjustment	26	5	27	9
Total comprehensive income (loss)	<u>\$ (11,623)</u>	<u>\$ 11,645</u>	<u>\$ (6,056)</u>	<u>\$ 25,195</u>

The foreign currency translation adjustments during the three and six months ended March 31, 2009 and 2008 resulted primarily from the changes in the translation rates of the U.S. dollar relative to the Japanese Yen.

CABOT MICROELECTRONICS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited and in thousands, except share and per share amounts)

13. INCOME TAXES

Our effective income tax benefit rate was 39.7% and 39.8% for the three and six months ended March 31, 2009, respectively, compared to an effective income tax rate of 32.5% and 32.0% for the three and six months ended March 31, 2008, respectively. The change in the effective tax rate was primarily due to the decrease in taxable income, which resulted in the Company being in a net loss position as of March 31, 2009, and the reinstatement of the research and experimentation tax credit in the fourth quarter of fiscal 2008, partially offset by a decrease in tax-exempt interest income.

There were no material changes to our liability for uncertain tax positions, as defined by Financial Interpretation No. 48, or for tax periods open to examination during the three and six months ended March 31, 2009.

14. EARNINGS (LOSS) PER SHARE

SFAS No. 128, "Earnings per Share", requires companies to provide a reconciliation of the numerator and denominator of the basic and diluted earnings per share computations. Basic and diluted earnings per share were calculated as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2009	2008	2009	2008
Numerator:				
Earnings (loss) available to common shares	\$ (10,113)	\$ 7,942	\$ (9,997)	\$ 20,141
Denominator:				
Weighted average common shares (Denominator for basic calculation)	23,107,010	23,402,427	23,052,782	23,554,970
Weighted average effect of dilutive securities:				
Share-based compensation	-	14,063	-	31,774
Diluted weighted average common shares (Denominator for diluted calculation)	23,107,010	23,416,490	23,052,782	23,586,744
Earnings (loss) per share:				
Basic	\$ (0.44)	\$ 0.34	\$ (0.43)	\$ 0.86
Diluted	\$ (0.44)	\$ 0.34	\$ (0.43)	\$ 0.85

For the three months ended March 31, 2009 and 2008, approximately 4.0 million and 3.2 million shares, respectively, attributable to outstanding stock options were excluded from the calculation of diluted earnings per share because the exercise price of the options was greater than the average market price of our common stock and, therefore, their inclusion would have been anti-dilutive.

For the six months ended March 31, 2009 and 2008, approximately 4.0 million and 3.1 million shares, respectively, attributable to outstanding stock options were excluded from the calculation of diluted earnings per share because the exercise price of the options was greater than the average market price of our common stock and, therefore, their inclusion would have been anti-dilutive.

CABOT MICROELECTRONICS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited and in thousands, except share and per share amounts)

15. NEW ACCOUNTING PRONOUNCEMENTS

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" (SFAS 141R), which replaces SFAS No. 141. The statement retains the purchase method of accounting for acquisitions, but requires a number of changes, including changes in the way assets and liabilities are recognized in purchase accounting. It also changes the recognition of assets acquired and liabilities assumed arising from contingencies, requires the capitalization of in-process research and development at fair value, and requires acquisition-related costs to be charged to expense as incurred. SFAS 141R is effective for us October 1, 2009 and will apply prospectively to business combinations completed on or after that date.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interest in Consolidated Financial Statements, an Amendment of ARB 51" (SFAS 160), which changes the accounting and reporting for minority equity interests in subsidiaries. Minority interests will be recharacterized as noncontrolling interests and will be reported as a component of equity separate from the parent's equity, and purchases or sales of equity interests that do not result in a change of control will be accounted for as equity transactions. In addition, net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the statement of operations and, upon loss of control, the interest sold, as well as any interest retained, will be recorded at fair value with any gain or loss recognized in earnings. SFAS 160 is effective for us beginning October 1, 2009 and will apply prospectively, except for the presentation and disclosure requirements, which will apply retrospectively. We are currently assessing the potential impact that the adoption of this pronouncement would have on our results of operations, financial position or cash flows. Currently, there are no interests in any of our subsidiaries that are treated as minority interests for accounting purposes. In conjunction with our acquisition of Epoch from Eternal, Eternal will continue to hold the remaining 10% ownership interest in Epoch until August 2010. However, Eternal has waived rights to any interest in the earnings of Epoch during the interim period, including any associated dividends, so Eternal's retained ownership is not accounted for as a minority interest.

In March 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" (SFAS 162), which identifies a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles for nongovernmental entities (the "Hierarchy"). The Hierarchy within SFAS 162 is consistent with that previously defined in the AICPA Statement on Auditing Standards No. 69, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles". SFAS 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to U. S. Auditing Standards Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles". We do not believe the adoption of this pronouncement will have a material impact on our results of operations, financial position or cash flows.

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" (FSP 115-2), which amends the other-than-temporary impairment guidance in U.S. GAAP for debt securities and improves the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. A debt security is considered to be impaired when the fair value of a debt security is less than its amortized cost at the balance sheet date. Under the guidance of FSP 115-2, an impairment is other-than-temporary when an entity intends to sell a debt security that is impaired, when it is more likely than not that an entity will be required to sell the security before the recovery of its amortized cost basis, or when the present value of the expected cash flows from the security is less than the amortized cost basis of the security. FSP 115-2 is effective for us beginning April 1, 2009. We do not believe the adoption of this pronouncement will have a material impact on our results of operations, financial position or cash flows.

CABOT MICROELECTRONICS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, "Interim Disclosures About Fair Value of Financial Instruments" (FSP 107-1), which amends SFAS No. 107, "Disclosures About Fair Value of Financial Instruments", to require disclosures about fair value of financial instruments in interim reporting periods as well as in annual financial statements. FSP 107-1 also amends APB Opinion No. 28, "Interim Financial Reporting", to require fair value disclosures in summarized financial information at interim periods. FSP 107-1 is effective for us beginning April 1, 2009. FSP 107-1 does not require disclosures for earlier periods presented for comparative purposes at initial adoption, but does require comparative disclosures for periods ending after initial adoption. We do not believe the adoption of this pronouncement will have a material impact on our financial disclosures.

In April 2009, the FASB issued FSP FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" (FSP 157-4), which provides additional guidance for estimating fair value in accordance with SFAS 157 when market activity has significantly decreased and when transactions in a market may be distressed. FSP 157-4 is effective for us beginning April 1, 2009. We do not believe the adoption of this pronouncement will have a material impact on our results of operations, financial position or cash flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following "Management's Discussion and Analysis of Financial Condition and Results of Operations", as well as disclosures included elsewhere in this Form 10-Q, include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. This Act provides a safe harbor for forward-looking statements to encourage companies to provide prospective information about themselves so long as they identify these statements as forward-looking and provide meaningful cautionary statements identifying important factors that could cause actual results to differ from the projected results. All statements other than statements of historical fact we make in this Form 10-Q are forward-looking. In particular, the statements herein regarding future sales and operating results; Company and industry growth, contraction or trends; growth or contraction of the markets in which the Company participates; international events or various economic factors; product performance; the generation, protection and acquisition of intellectual property, and litigation related to such intellectual property; new product introductions; development of new products, technologies and markets; the acquisition of or investment in other entities; uses and investment of the Company's cash balance; the construction of facilities by the Company; and statements preceded by, followed by or that include the words "intends", "estimates", "plans", "believes", "expects", "anticipates", "should", "could" or similar expressions, are forward-looking statements. Forward-looking statements reflect our current expectations and are inherently uncertain. Our actual results may differ significantly from our expectations. We assume no obligation to update this forward-looking information. The section entitled "Risk Factors" describes some, but not all, of the factors that could cause these differences.

This section, "Management's Discussion and Analysis of Financial Condition and Results of Operations", should be read in conjunction with Cabot Microelectronics' annual report on Form 10-K for the fiscal year ended September 30, 2008, including the consolidated financial statements and related notes thereto.

SECOND QUARTER OF FISCAL 2009 OVERVIEW

We continued to see the adverse effects of the ongoing global recession during the second quarter of fiscal 2009. Based on several semiconductor industry reports, it appears that semiconductor manufacturers decreased their production to reduce excess inventories of semiconductor devices in response to a global decline in demand for electronic goods. This, in turn, has caused an unprecedented reduction in the demand for our CMP consumable products. We believe our financial results for the second quarter of fiscal 2009 reflect the continued soft demand for our products driven by the global economic downturn. We also believe the decline in our revenue generally was consistent with the decrease in overall semiconductor industry demand. Since the primary driver of revenue for our CMP consumable products is wafer starts, the decreased production by our customers has adversely affected us, and will continue to adversely affect us until the semiconductor industry recovers. However, we experienced a recent upturn in the demand for our products in March as demand for our products increased significantly from the levels we experienced in January and February. There are many factors that make it difficult for us to predict future revenue trends for our business, including: the duration of the global economic downturn; the cyclical nature of the semiconductor industry; potential future acquisitions by us; the short order to delivery time for our products and the associated lack of visibility to future customer orders; and quarter to quarter changes in customer orders regardless of industry strength.

Revenue for our second quarter of fiscal 2009 was \$45.4 million, which represented a decrease of 52.0%, or \$49.1 million, from the second quarter of fiscal 2008 and a decrease of 28.0%, or \$17.6 million, from the previous fiscal quarter. We believe the significant decrease in revenue reflects the adverse impacts of the global economic recession noted above, as well as a traditional seasonal weakness experienced during the first quarter of the calendar year.

The unprecedented reduction in demand for our products has had a significant adverse affect on our gross profit margins as we experienced significant underutilization of our manufacturing capacity as we decreased our production to match the decrease in demand for our CMP consumable products. Gross profit expressed as a percentage of revenue for our second quarter of fiscal 2009 was 28.0% and gross profit was 38.2% on a year-to-date basis. Gross profit decreased from both the 44.7% reported in the second quarter of fiscal 2008 and the 45.6% reported in the previous fiscal quarter. Based on our fiscal year-to-date performance, we no longer expect to achieve gross profit within what had been our previous full year gross profit guidance range of 46% to 48% for fiscal 2009. We may continue to experience fluctuations in our quarterly gross profit due to a number of factors, including the extent to which we utilize our manufacturing capacity and fluctuations in our product mix.

During the second quarter of fiscal 2009, we took actions to improve and optimize our operating effectiveness and reduce our costs. For example, we shortened work schedules in our global CMP consumables manufacturing operations, we implemented a modest work force reduction and we also suspended certain employee benefits. These initiatives were in addition to several cost saving steps we took earlier in the fiscal year to reduce discretionary spending, such as reduced annual, merit-based salary increases, travel expenses and the implementation of a hiring freeze. While these cost reduction efforts helped us to achieve cost savings across our business, they were more than offset by the significant decline in demand for our products during the quarter.

Operating expenses were \$30.0 million in our second quarter of fiscal 2009, compared to \$32.2 million in the second quarter of fiscal 2008 and \$29.4 million in the previous fiscal quarter. Operating expenses in the second quarter of fiscal 2009 were adversely affected by \$3.6 million of specific, pre-tax expenses including a \$1.5 million write-off of in-process research and development expenses related our acquisition of Epoch, a \$1.1 million impairment of certain research and development equipment, and a \$1.0 million increase in our reserve for bad debt expense due to the impact of the global economic conditions on customer collections. We currently expect operating expenses will be in the range of \$115 million to \$120 million for full year fiscal 2009, including the operating expenses of Epoch.

Diluted loss per share for our second fiscal quarter was \$0.44, a decrease from diluted earnings per share of \$0.34 reported in the second quarter of fiscal 2008 and \$0.01 per share reported in the previous fiscal quarter as a result of the factors discussed above.

We completed our acquisition of Epoch Material Co., Ltd. (Epoch), a consolidated subsidiary of Eternal Chemical Co., Ltd. (Eternal). Epoch is a Taiwan-based company specializing in the development, manufacture and sale of copper CMP slurries and CMP cleaning solutions to the semiconductor industry, and color filter slurries to the liquid crystal display (LCD) industry. Epoch has a strong presence in Taiwan, which we believe is the largest geographic market for CMP consumables, strong customer relationships in the Asia Pacific region, a significant fixed asset base and strong technical capabilities. Now that the acquisition has closed, we are working effectively to integrate our two businesses and leverage the natural synergies. Under the share purchase agreement, we paid \$59.4 million on the closing date of February 27, 2009 to obtain 90% of Epoch's stock and we paid \$0.7 million in transaction costs. We expect to pay an additional \$6.6 million to Eternal in August 2010 to acquire the remaining 10% ownership interest. During this interim period, Eternal will continue to hold the remaining 10% ownership interest in Epoch. See Note 2 of the Notes to the Consolidated Financial Statements for a complete discussion of the acquisition.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES AND EFFECTS OF RECENT ACCOUNTING PRONOUNCEMENTS

We discuss our critical accounting estimates and effects of recent accounting pronouncements in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Item 7 of Part II of our annual report on Form 10-K for the fiscal year ended September 30, 2008. We believe there have been no material changes in our critical accounting estimates during the first six months of fiscal 2009 except for the following discussion of our allowance for doubtful accounts and the discussion of goodwill and intangible assets. See Note 3, Note 8 and Note 15 of the Notes to the Consolidated Financial Statements for a discussion of new accounting pronouncements.

Our allowance for doubtful accounts is based on historical collection experience, adjusted for any known conditions or circumstances. The global economic recession has had adverse effects on our ability to collect accounts receivable from some of our customers. The recession has also caused two of our customers to file for bankruptcy or insolvency. We recorded a \$1.0 million increase in our allowance for doubtful accounts during the quarter ended March 31, 2009 to account for the increased uncertainty in customer collections. We will continue to closely monitor the financial solvency of our customers and, if the global economic recession continues, we may have to record additional increases to our allowance for doubtful accounts.

In accordance with Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets” (SFAS 142), goodwill and indefinite lived intangible assets are tested for impairment annually in the fourth fiscal quarter or more frequently if indicators of potential impairment exist, using a fair-value-based approach. The recoverability of goodwill and other intangible assets with indefinite lives is measured at the reporting unit level, which is defined as either an operating segment or one level below an operating segment. We have consistently determined the fair value of our reporting units using a discounted cash flow analysis of our projected future results. The use of discounted projected future results is based on assumptions that are consistent with our estimates of future growth and the strategic plan used to manage the underlying business. Factors requiring significant judgment include assumptions related to future growth rates, discount factors and tax rates, among others. Changes in economic and operating conditions that occur after the annual impairment analysis or an interim impairment analysis that impact these assumptions may result in future impairment charges.

We completed our annual impairment test during our fourth quarter of fiscal 2008 and we performed an interim impairment test at the end of our first quarter of fiscal 2009. We determined that no impairment existed as of either time period. However, based upon the continued deterioration of the global economy and continued softening of demand for our products driven by the global economic recession, we concluded that sufficient indicators existed to perform another interim impairment analysis at March 31, 2009 for one of our reporting units that has a \$5,000 carrying value of goodwill. Our impairment analysis at March 31, 2009 included revised estimates of future revenue and income projections. These projections are based on management’s view of market and economic data that we use to create future scenarios. Management combines this market data with estimates of our mix of products sold, production costs and the level at which we use our manufacturing capacity. We discounted the resulting projected cash flows over a range of discount rates between 11% and 15%, using discount rates comprised of the published cost of capital for our peer companies. We determined our goodwill and intangible assets with indefinite lives were not impaired as of March 31, 2009.

Due to the ongoing uncertainty in market and economic conditions, which may continue to negatively impact the Company’s operating results and overall market value, management will continue to monitor and evaluate the carrying value of goodwill and intangible assets with indefinite lives. If market and economic conditions deteriorate further and cost-cutting measures do not improve the profitability, and our estimates of future operating results are not met, we may have to reassess the impairment of goodwill prior to the fourth quarter of fiscal 2009. A 10% decline in our cash flow projections would have resulted in the calculated fair value of one of our reporting units being less than its carrying value under our projection of a slow economic recovery. This would require us to complete additional goodwill impairment testing as defined in SFAS 142.

Intangible assets with finite lives are reviewed for impairment in accordance with SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets”. As a result of the impairment indicators described above, we tested our intangible assets with finite lives for impairment during our fiscal quarter ended March 31, 2009 and determined there was no impairment.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2009, VERSUS THREE MONTHS ENDED MARCH 31, 2008

REVENUE

Revenue was \$45.4 million for the three months ended March 31, 2009, which represented a 52.0%, or \$49.1 million, decrease from the three months ended March 31, 2008. Of this decrease, \$51.0 million was due to decreased sales volume driven by the significant weakening of demand for our products due to the global economic recession which has negatively impacted end user demand for IC devices, a correction of excess semiconductor device inventories by semiconductor manufacturers and seasonal industry weakness which normally occurs during the first quarter of the calendar year. This decrease in demand was partially offset by a \$1.3 million benefit due to the effect of foreign exchange rate changes. We have experienced a recent upturn in our business due to significantly higher demand for our products in March from the low levels we experienced in January and February 2009. However, it is uncertain whether this upturn will continue.

COST OF GOODS SOLD

Total cost of goods sold was \$32.7 million for the three months ended March 31, 2009, which represented a decrease of 37.4%, or \$19.5 million, from the three months ended March 31, 2008. The decrease in cost of goods sold was primarily due to \$28.2 million from decreased sales volume due to the global economic recession, \$4.3 million in lower fixed manufacturing costs and \$2.1 million in higher manufacturing yields in our CMP slurry and pad production, partially offset by an \$8.9 million cost increase due to lower utilization of our manufacturing capacity on the decreased level of sales, \$4.2 million due to a higher-cost product mix and \$1.5 million in higher freight and packaging costs.

The significant decrease in demand for our products due to the global economic recession has caused us to implement a number of cost saving initiatives. We shortened work schedules in our manufacturing operations on a global basis to more closely match production with demand for our products while also maintaining the flexibility to increase or decrease production levels in the future to meet customer demand for our products. We have also taken a number of other cost reduction measures including a reduction in annual, merit-based salary increases, a modest work force reduction, a restriction on travel and the suspension of certain employee benefits, among others. These actions are intended to improve our operating effectiveness during the current economic recession. We are prepared to further adjust our costs as needed if the soft economic environment continues or worsens.

Fumed metal oxides, such as fumed silica and fumed alumina, are significant raw materials that we use in many of our CMP slurries. In an effort to mitigate our risk to rising raw material costs and to increase supply assurance and quality performance requirements, we have entered into multi-year supply agreements with a number of suppliers. For more financial information about our supply contracts, see "Tabular Disclosure of Contractual Obligations" in this filing as well as in Item 7 of Part II of our annual report on Form 10-K for the fiscal year ended September 30, 2008.

Our need for additional quantities or different kinds of key raw materials in the future has required, and will continue to require, that we enter into new supply arrangements with third parties. Future arrangements may result in costs which are different from those in the existing agreements. In addition, energy costs may also impact the cost of raw materials, packaging, freight and labor costs. We also expect to continue to invest in our operations excellence initiative to improve product quality, reduce variability and improve product yields in our manufacturing process.

GROSS PROFIT

Our gross profit as a percentage of revenue was 28.0% for the three months ended March 31, 2009, as compared to 44.7% for the three months ended March 31, 2008. The decrease was primarily due to the unprecedented underutilization of our manufacturing capacity on the significantly lower level of sales partially offset by lower fixed manufacturing costs and favorable production yields. Although current economic conditions make it difficult to predict full year results, based on actual financial results achieved during the first half of our fiscal year, we no longer expect to achieve gross profit within what had been our previous gross profit guidance of 46% to 48% for full fiscal year 2009. We may continue to experience fluctuations in our quarterly gross profit due to a number of factors, including the extent to which we utilize our manufacturing capacity and fluctuations in our product mix.

RESEARCH, DEVELOPMENT AND TECHNICAL

Total research, development and technical expenses were \$12.6 million for the three months ended March 31, 2009, which represented an increase of 1.5%, or \$0.2 million, from the three months ended March 31, 2008. The increase was primarily related to a \$1.1 million pre-tax impairment recorded on certain research and development equipment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". This impairment was partially offset by \$0.5 million in lower staffing-related costs, \$0.3 million in lower depreciation and amortization, and \$0.2 million in lower travel-related costs. The cost reduction initiatives we instituted during the second quarter of fiscal 2009 helped us achieve these cost savings.

Our research, development and technical efforts are focused on the following main areas:

- Research related to fundamental CMP technology;
- Development and formulation of new and enhanced CMP consumable products;
- Process development to support rapid and effective commercialization of new products;
- Technical support of CMP products in our customers' manufacturing facilities; and
- Evaluation of new polishing applications outside of the semiconductor industry.

SELLING AND MARKETING

Selling and marketing expenses were \$5.3 million for the three months ended March 31, 2009, which represented a decrease of 23.8%, or \$1.6 million, from the three months ended March 31, 2008. The decrease was primarily due to \$0.5 million in lower staffing-related costs, \$0.4 million in lower professional fees, \$0.4 million in lower travel related costs, and \$0.2 million in lower advertising and trade show costs. Our cost reduction measures that we implemented in the second quarter of fiscal 2009 helped us achieve these cost savings.

GENERAL AND ADMINISTRATIVE

General and administrative expenses were \$10.6 million for the three months ended March 31, 2009, which represented a decrease of 17.6%, or \$2.3 million, from the three months ended March 31, 2008. The decrease resulted primarily from \$2.0 million in lower staffing-related costs, primarily due to reduced expenses related to our annual bonus plan, and \$1.2 million in lower professional fees, including costs to enforce our intellectual property. These cost savings were partially offset by a \$1.0 million increase in our reserve for bad debt expense due to the impact of adverse economic conditions on customer collections, including customer bankruptcies.

PURCHASED IN-PROCESS RESEARCH AND DEVELOPMENT

Purchased in-process research and development (IPR&D) expense was \$1.5 million for the three months ended March 31, 2009, resulting from the acquisition of Epoch.

OTHER INCOME, NET

Other income was \$0.5 million for the three months ended March 31, 2009, compared to \$1.7 million in the three months ended March 31, 2008. The decrease in other income was primarily due to \$1.4 million lower interest income resulting from lower interest rates on our balances of cash and short-term investments, partially offset by \$0.2 million in foreign exchange gains. We monetized the majority of our short-term investments in auction rate securities (ARS) during fiscal 2008 and reinvested these funds into money market investments which earn interest at lower rates. See Note 3 of the Notes to the Consolidated Financial Statements for more information on our ARS.

PROVISION FOR INCOME TAXES

Our effective income tax benefit rate of 39.7% for the three months ended March 31, 2009 compared to a 32.5% effective income tax rate for the three months ended March 31, 2008. The change in the effective tax rate was primarily due to the significant decrease in taxable income, which resulted in the Company being in a net loss position as of March 31, 2009, due to the significant decrease in demand discussed above, and the reinstatement of the research and experimentation credit in the fourth quarter of fiscal 2008, partially offset by a decrease in tax-exempt interest income.

NET INCOME (LOSS)

Net loss was \$10.1 million for the three months ended March 31, 2009 compared to net income of \$7.9 million for the three months ended March 31, 2008. As a result of the factors discussed above, we incurred a significant net loss in the second quarter of fiscal 2009.

SIX MONTHS ENDED MARCH 31, 2009, VERSUS SIX MONTHS ENDED MARCH 31, 2008

REVENUE

Revenue was \$108.4 million for the six months ended March 31, 2009, which represented a 42.3%, or \$79.5 million, decrease from the six months ended March 31, 2008. Of this decrease, \$87.1 million was due to decreased sales volume driven by the significant weakening of demand for our products due to the global economic recession which has negatively impacted end user demand for IC devices, as well as a correction of excess semiconductor device inventories by semiconductor manufacturers. This decrease in demand was partially offset by a \$5.9 million benefit of a favorably priced product mix and a \$2.4 million benefit due to the effect of foreign exchange rate changes.

COST OF GOODS SOLD

Total cost of goods sold was \$67.0 million for the six months ended March 31, 2009, which represented a decrease of 33.5%, or \$33.8 million, from the six months ended March 31, 2008. Of this decrease, \$46.8 million was due to decreased sales volume due to the global economic recession, \$5.0 million was due to lower fixed manufacturing costs and \$3.8 million was due to higher manufacturing yields in our CMP slurry and pad production. These cost decreases were partially offset by a \$12.7 million cost increase due to lower utilization of our manufacturing capacity on the decreased level of sales and \$8.0 million due to a higher-cost product mix.

As discussed above, in response to the significant decrease in demand for our products due to the global economic recession, we implemented a number of cost reduction initiatives. These actions are intended to improve our operating effectiveness during the current economic recession. We are prepared to further adjust our costs as needed if the soft economic environment continues or worsens.

GROSS PROFIT

Our gross profit as a percentage of revenue was 38.2% for the six months ended March 31, 2009, compared to 46.3% for the six months ended March 31, 2008. The decrease was primarily due to the unprecedented underutilization of our manufacturing capacity on the significantly lower level of sales, partially offset by lower fixed manufacturing costs and favorable production yields. Although current economic conditions make it difficult to predict full year results, based on actual financial results achieved during the first half of our fiscal year, we no longer expect to achieve gross profit within what had been our gross profit guidance of 46% to 48% for full fiscal year 2009.

RESEARCH, DEVELOPMENT AND TECHNICAL

Total research, development and technical expenses were \$24.7 million for the six months ended March 31, 2009, which represented an increase of 3.7%, or \$0.9 million, from the six months ended March 31, 2008. The increase was primarily related to \$1.2 million in pre-tax impairments recorded on certain research and development equipment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", including \$1.1 million recorded in the second quarter of fiscal 2009, and \$0.4 million in higher laboratory supplies. These increases were partially offset by \$0.7 million in lower staffing-related costs.

SELLING AND MARKETING

Selling and marketing expenses were \$11.2 million for the six months ended March 31, 2009, which represented a decrease of 14.8%, or \$2.0 million, from the six months ended March 31, 2008. The decrease was primarily due to \$0.8 million in lower staffing-related costs, \$0.3 million in lower travel-related costs, \$0.2 million in lower professional fees and \$0.2 million in lower advertising and trade show costs.

GENERAL AND ADMINISTRATIVE

General and administrative expenses were \$21.9 million for the six months ended March 31, 2009, which represented a decrease of 7.5%, or \$1.8 million, from the six months ended March 31, 2008. The decrease resulted primarily from \$2.0 million in lower staffing-related costs, primarily due to reduced expenses related to our annual bonus plan, and \$0.9 million in lower professional fees, including costs to enforce our intellectual property. These cost savings were partially offset by a \$1.0 million increase in our reserve for bad debt expense due to the impact of adverse economic conditions on customer collections, including customer bankruptcies, which we recorded during our second quarter of fiscal 2009.

PURCHASED IN-PROCESS RESEARCH AND DEVELOPMENT

Purchased in-process research and development (IPR&D) expense was \$1.5 million for the six months ended March 31, 2009, resulting from the acquisition of Epoch in the second quarter of fiscal 2009.

OTHER INCOME, NET

Other income was \$1.4 million for the six months ended March 31, 2009, compared to \$3.3 million in the six months ended March 31, 2008. The decrease in other income was primarily due to \$2.6 million lower interest income resulting from lower interest rates on our balances of cash and short-term investments, partially offset by \$0.6 million in foreign exchange gains. We monetized the majority of our short-term investments in auction rate securities (ARS) during fiscal 2008 and reinvested these funds into money market investments which generally earn interest at lower rates. See Note 3 of the Notes to the Consolidated Financial Statements for more information on our ARS.

PROVISION FOR INCOME TAXES

Our effective income tax benefit rate of 39.8% for the six months ended March 31, 2009 compared to a 32.0% effective tax rate for the three months ended March 31, 2008. The change in the effective tax rate was primarily due to the significant decrease in taxable income, which resulted in the Company being in a net loss position as of March 31, 2009, due to the significant decrease in demand discussed above, and the reinstatement of the research and experimentation credit in the fourth quarter of fiscal 2008, partially offset by a decrease in tax-exempt interest income.

NET INCOME (LOSS)

Net loss was \$10.0 million for the six months ended March 31, 2009 compared to net income of \$20.1 million for the six months ended March 31, 2008. As a result of the factors discussed above, we incurred a significant net loss during the first six months of fiscal 2009.

LIQUIDITY AND CAPITAL RESOURCES

We generated \$1.6 million in cash flows from operating activities in the first six months of fiscal 2009, compared to \$29.5 million in cash from operating activities in the first six months of fiscal 2008. Our cash provided by operating activities in the first six months of fiscal 2009 originated from \$19.5 million in non-cash items partially offset by a net loss of \$10.0 million and a \$7.9 million decrease in cash flow due to a net increase in working capital. The decrease in cash from operations compared to the first six months of fiscal 2008 was primarily due to decreased net income in the period, the timing of accounts payable and accrued liability payments, including the payment of our annual bonus related to fiscal 2008, partially offset by decreased accounts receivable balances on the decreased level of sales and a smaller increase in inventory levels than we incurred in fiscal 2008.

In the first six months of fiscal 2009, cash flows used in investing activities were \$65.1 million representing \$60.5 million used for our acquisition of Epoch, net of \$6.2 million in cash acquired, and \$4.7 million in purchases of property, plant and equipment. In the first six months of fiscal 2008, cash flows provided by investing activities were \$101.5 million. We had net sales of short-term investments of \$112.9 million as we liquidated a majority of our ARS during the quarter ended March 31, 2008. This cash inflow was partially offset by \$11.4 million in cash used for purchases of property, plant and equipment, primarily for the purchase and installation of a 300-millimeter polishing tool and related metrology equipment at our Asia Pacific technology center and building improvements and equipment to enhance our pad production capabilities. We estimate that our total capital expenditures in fiscal 2009 will be approximately \$10 million.

In the first six months of fiscal 2009, cash flows provided by financing activities were \$0.2 million, representing \$1.0 million received from the issuance of common stock under our Second Amended and Restated Cabot Microelectronics Corporation 2000 Equity Incentive Plan and Cabot Microelectronics Corporation 2007 Employee Stock Purchase Plan, partially offset by \$0.6 million in principal payments on capital leases and \$0.3 million in repurchases of common stock pursuant to the terms of our Equity Incentive Plan for shares withheld to cover payroll taxes on the vesting of restricted stock granted under the Equity Incentive Plan. We did not repurchase any shares under our share repurchase program during the first six months of fiscal 2009. In the first six months of fiscal 2008, cash flows used in financing activities were \$23.2 million, primarily as a result of \$24.0 million in repurchases of common stock under our share repurchase program. In January 2008, our Board of Directors authorized a share repurchase program for up to \$75.0 million of our outstanding common stock. Share repurchases are made from time-to-time, depending on market conditions, at management's discretion. As of March 31, 2009, we have \$50.0 million remaining on this share repurchase program. We fund share purchases under this program from our available cash balance. We view this program as a flexible and effective means to return cash to stockholders.

We have an unsecured revolving credit facility of \$50.0 million with an option to increase the facility up to \$80.0 million, which pursuant to an amendment we entered into in October 2008, extends the agreement to November 2011, with an option to renew for two additional one-year terms. Under this agreement, interest accrues on any outstanding balance at either the lending institution's base rate or the Eurodollar rate plus an applicable margin. We also pay a non-use fee. This amendment did not include any other material changes to the terms of the credit agreement. Loans under this facility are intended primarily for general corporate purposes, including financing working capital, capital expenditures and acquisitions. The credit agreement also contains various covenants. No amounts are currently outstanding under this credit facility and we believe we are currently in compliance with the covenants.

As discussed in Note 2 of the Notes to the Consolidated Financial Statements in this Form 10-Q, we completed our acquisition of Epoch during our second quarter of fiscal 2009. The total cash outlay was \$60.5 million representing \$59.4 million in cash paid to Epoch's shareholders on the first closing date of February 27, 2009, \$0.7 million in cash paid for transaction costs and \$6.6 million held in an escrow account to be paid to Eternal on the second closing date, in August 2010, partially offset by \$6.2 million in cash acquired from Epoch.

Despite the ongoing capital and credit market uncertainty, we believe that our current balance of cash and long-term investments, cash generated by our operations and available borrowings under our revolving credit facility will be sufficient to fund our operations, expected capital expenditures, including merger and acquisition activities, and share repurchases for the foreseeable future. However, as we plan to further expand our business and continue to improve our technology, we may be required to raise additional funds in the future through equity or debt financing, strategic relationships or other arrangements. The current uncertainty in the capital and credit markets may hinder the ability to generate additional financing in the type or amount necessary to pursue such objectives.

OFF-BALANCE SHEET ARRANGEMENTS

At March 31, 2009, and September 30, 2008, we did not have any unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which might have been established for the purpose of facilitating off-balance sheet arrangements.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following summarizes our contractual obligations at March 31, 2009, and the effect such obligations are expected to have on our liquidity and cash flow in future periods.

CONTRACTUAL OBLIGATIONS (In millions)	Total	Less Than 1 Year	1-3 Years	3-5 Years	After 5 Years
Purchase obligations	\$ 22.2	\$ 19.1	\$ 3.1	\$ -	\$ -
Acquisition related	6.6	-	6.6	-	-
Capital lease obligations	3.1	1.2	1.9	-	-
Operating leases	1.9	1.2	0.7	-	-
Other long-term liabilities	3.4	-	-	-	3.4
Total contractual obligations	<u>\$ 37.2</u>	<u>\$ 21.5</u>	<u>\$ 12.3</u>	<u>\$ -</u>	<u>\$ 3.4</u>

We operate under a fumed silica supply agreement with Cabot Corporation under which we are generally obligated to purchase at least 90% of our six-month volume forecast for certain of our slurry products, to purchase certain non-material minimum quantities every six months, and to pay for the shortfall if we purchase less than these amounts. This agreement was amended in April 2008 to extend the termination date to December 2012 and to change the pricing and some other non-material terms of the agreement. The agreement will automatically renew unless either party gives certain notice of non-renewal. We currently anticipate we will not have to pay any shortfall under this agreement. We also operate under a fumed alumina supply agreement with Cabot Corporation that runs through December 2011, under which we are obligated to pay certain fixed, capital and variable costs. Purchase obligations include an aggregate amount of \$6.5 million of contractual commitments for fumed silica and fumed alumina under these contracts.

As discussed in Note 2 of the Notes to the Consolidated Financial Statements in this Form 10-Q, we completed our acquisition of Epoch during our second quarter of fiscal 2009. We expect to pay an additional \$6.6 million to Eternal on the second closing date, in August 2010, and we have placed the \$6.6 million in an escrow account for this purpose to be held until then. The escrow account is recorded as long-term restricted cash at March 31, 2009 and is included with other long-term assets on our Consolidated Balance Sheet. During this interim period, Eternal will continue to hold the remaining 10% ownership interest in Epoch; however, Eternal has waived rights to any interest in Epoch earnings during the interim period, including any associated dividends. Consequently, we have recorded a \$6.6 million long-term liability on our Consolidated Balance Sheet at March 31, 2009 rather than recording a minority interest in Epoch.

Refer to Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Part II of our annual report on Form 10-K for the fiscal year ended September 30, 2008, for additional information regarding our contractual obligations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

EFFECT OF CURRENCY EXCHANGE RATES AND EXCHANGE RATE RISK MANAGEMENT

We conduct business operations outside of the United States through our foreign operations. Some of our foreign operations maintain their accounting records in their local currencies. Consequently, period to period comparability of results of operations is affected by fluctuations in exchange rates. The primary currencies to which we have exposure are the Japanese Yen and, to a lesser extent, the Taiwan Dollar, British Pound and the Euro. From time to time we enter into forward contracts in an effort to manage foreign currency exchange exposure. However, we may be unable to hedge these exposures completely. During the six months ended March 31, 2009, we recorded \$0.5 million in foreign currency translation gains that are included in other income on our Consolidated Statement of Income. We also recorded \$3.9 million in currency translation gains, net of tax, that are included in other comprehensive income on our Consolidated Balance Sheet. These gains primarily are the result of general weakening of the U.S. dollar relative to the Japanese Yen. Approximately 19% of our revenue is transacted in currencies other than the U.S. dollar. We do not currently enter into forward exchange contracts or other derivative instruments for speculative or trading purposes.

MARKET RISK AND SENSITIVITY ANALYSIS RELATED TO FOREIGN EXCHANGE RATE RISK

We have performed a sensitivity analysis assuming a hypothetical 10% adverse movement in foreign exchange rates. As of March 31, 2009, the analysis demonstrated that such market movements would not have a material adverse effect on our consolidated financial position, results of operations or cash flows over a one-year period. Actual gains and losses in the future may differ materially from this analysis based on changes in the timing and amount of foreign currency rate movements and our actual exposures.

MARKET RISK RELATED TO INVESTMENTS IN AUCTION RATE SECURITIES

At March 31, 2009, we owned two auction rate securities (ARS) with a total estimated fair value of \$8.1 million (\$8.3 million par value) which we classified as other long-term assets on our Consolidated Balance Sheet. Previously, one of our ARS with a fair value and par value of approximately \$5.0 million was classified as a short-term investment. General uncertainties in the global credit markets caused widespread ARS auction failures as the number of securities submitted for sale exceeded the number of securities buyers were willing to purchase. As a result, the short-term liquidity of the ARS market has been adversely affected.

In the second quarter of fiscal 2009, we maintained the \$0.2 million pre-tax and net of tax reduction that we had recorded in fiscal 2008 in stockholders' equity in accumulated other comprehensive income to reflect a decline in fair value of our ARS which we believed was temporary. In the second quarter of fiscal 2009, we successfully monetized at par value \$0.1 million of one of our ARS. However, we reclassified approximately \$5.0 million of our other ARS from short-term investments to other long-term assets as the auctions on this security have continued to fail for more than one year. We believe that we will be able to monetize the remaining two securities at par, either through successful auctions, refinancing of the underlying debt by the issuers, or holding the securities to maturity. However, if auctions involving our ARS continue to fail, if issuers are unable to refinance the underlying securities, if the issuing municipalities are unable to pay debt obligations and the bond insurance fails, or if credit ratings decline or other adverse developments occur in the credit markets, then we may not be able to monetize these securities in the foreseeable future and we may also be required to further adjust the carrying value of these instruments through an impairment charge that may be deemed other-than-temporary. See Notes 3 and 6 of the Notes to the Consolidated Financial Statements and the "Risk Factors" set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q for more information.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of March 31, 2009.

While we believe the present design of our disclosure controls and procedures is effective enough to make known to our senior management in a timely fashion all material information concerning our business, we intend to continue to improve the design and effectiveness of our disclosure controls and procedures to the extent we believe necessary in the future to provide our senior management with timely access to such material information, and to correct deficiencies that we may discover in the future, as appropriate.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

INHERENT LIMITATIONS ON EFFECTIVENESS OF CONTROLS

Because of inherent limitations, our disclosure controls or our internal control over financial reporting may not prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must take into account the benefits of controls relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include possible faulty judgment in decision making and breakdowns due to a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

While we are not involved in any legal proceedings that we believe will have a material impact on our consolidated financial position, results of operations or cash flows, we periodically become a party to legal proceedings in the ordinary course of business. For example, in January 2007, we filed a legal action against DuPont Air Products NanoMaterials LLC (DA Nano), a CMP slurry competitor, in the United States District Court for the District of Arizona, charging that DA Nano's manufacturing and marketing of CMP slurries infringe five CMP slurry patents that we own. The affected DA Nano products include certain products used for tungsten CMP. We filed our infringement complaint as a counterclaim in response to an action filed by DA Nano in the same court in December 2006 that seeks declaratory relief and alleges non-infringement, invalidity and unenforceability regarding some of the patents at issue in our complaint against DA Nano. DA Nano filed its complaint following our refusal of its request that we license to it our patents raised in its complaint. DA Nano's complaint does not allege any infringement by our products of intellectual property owned by DA Nano. On July 25, 2008, the District Court issued its patent claim construction, or "Markman" Order ("Markman Order") in the litigation. In a Markman ruling, a district court hearing a patent infringement case interprets and rules on the scope and meaning of disputed patent claim language regarding the patents in suit. We believe that a Markman decision is often a significant factor in the progress and outcome of patent infringement litigation. In the Markman Order, the District Court adopted interpretations that we believe are favorable to Cabot Microelectronics on all claim terms that were in dispute in the litigation. On January 27, 2009, we filed a motion for summary judgment on DA Nano's infringement of certain of the patents at issue in the suit, because we believe the evidence demonstrates that there is no dispute of material fact as to DA Nano's infringement of all of these patents with DA Nano's accused products used for tungsten CMP. On the same date, DA Nano filed a motion for summary judgment on non-infringement and invalidity of certain of the patents at issue in the suit. Although no trial date has been set, prior to the parties' filing of their respective motions of summary judgment, we had expected trial in this matter to occur sometime during calendar 2009. However, the existence of the respective summary judgment motions for summary judgment is expected to cause a later trial date. While the outcome of this and any legal matter cannot be predicted with certainty, we believe that our claims and defenses in the pending action are meritorious, and we intend to pursue and defend them vigorously.

ITEM 1A. RISK FACTORS

We do not believe there have been any material changes in our risk factors since the filing of our Annual Report on Form 10-K for the fiscal year ended September 30, 2008 other than the description of risks related to worldwide economic and industry conditions. However, we may update our risk factors in our SEC filings from time to time for clarification purposes or to include additional information, at management's discretion, even when there have been no material changes.

RISKS RELATING TO OUR BUSINESS

DEMAND FOR OUR PRODUCTS FLUCTUATES AND OUR BUSINESS MAY BE ADVERSELY AFFECTED BY WORLDWIDE ECONOMIC AND INDUSTRY CONDITIONS

Our business is affected by economic and industry conditions and our revenue is dependent upon semiconductor demand. Semiconductor demand, in turn, is impacted by semiconductor industry cycles, and these cycles can dramatically affect our business. These cycles may be characterized by decreases in product demand, excess customer inventories, and accelerated erosion of prices. The global economy is currently in recession and we first began to see significant adverse effects of this in our fourth quarter of fiscal 2008 as the reduction in end user demand for IC devices caused semiconductor manufacturers to reduce their production, which reduced the demand for our CMP consumable products. We believe weakness of the U.S. and global economy and stress in the financial markets have persisted, and this has caused a significant decrease in demand for our products during the first six months of fiscal 2009, as our revenue for that period decreased over 42% from the first six months of fiscal 2008. If global economic conditions remain uncertain or deteriorate further, we may experience additional material adverse impacts on our results of operations and financial condition.

A prolonged global recession may have other adverse effects on our Company such as:

- The ability of our customers to pay their obligations to us may be adversely affected causing a negative impact on our cash flows and our results of operations as evidenced by the bankruptcy filing of two of our smaller customers in the second quarter of fiscal 2009.
- The carrying value of our goodwill and other intangible assets may decline in value, which could harm our financial position and results of operations.
- Our suppliers may not be able to fulfill their obligations to us, which could harm our production process and our business.

Some additional factors that affect demand for our products include customers' production of logic versus memory devices, their transition from 200 mm to 300 mm wafers, customers' specific integration schemes, share gains and losses and pricing changes by us and our competitors.

WE HAVE A NARROW PRODUCT RANGE AND OUR PRODUCTS MAY BECOME OBSOLETE, OR TECHNOLOGICAL CHANGES MAY REDUCE OR LIMIT INCREASES IN THE CONSUMPTION OF CMP SLURRIES AND PADS

Our business is substantially dependent on a single class of products, CMP slurries, which account for the majority of our revenue. We are also developing our business in CMP pads. Our business would suffer if these products became obsolete or if consumption of these products decreased. Our success depends on our ability to keep pace with technological changes and advances in the semiconductor industry and to adapt, improve and customize our products for advanced IC applications in response to evolving customer needs and industry trends. Since its inception, the semiconductor industry has experienced rapid technological changes and advances in the design, manufacture, performance and application of IC devices, and our customers continually pursue lower cost of ownership of materials consumed in their manufacturing processes, including CMP slurries and pads. We expect these technological changes and advances, and this drive toward lower costs, will continue in the future. Potential technology developments in the semiconductor industry, as well as our customers' efforts to reduce consumption of CMP slurries and pads, could render our products less important to the IC device manufacturing process.

A SIGNIFICANT AMOUNT OF OUR BUSINESS COMES FROM A LIMITED NUMBER OF LARGE CUSTOMERS AND OUR REVENUE AND PROFITS COULD DECREASE SIGNIFICANTLY IF WE LOST ONE OR MORE OF THESE CUSTOMERS

Our customer base is concentrated among a limited number of large customers. One or more of these principal customers could stop buying CMP consumables from us or could substantially reduce the quantity of CMP consumables they purchase from us. Our principal customers also hold considerable purchasing power, which can impact the pricing and terms of sale of our products. Any deferral or significant reduction in CMP consumables sold to these principal customers, or a significant number of smaller customers, could seriously harm our business, financial condition and results of operations.

In fiscal 2008, our five largest customers accounted for approximately 44% of our revenue; with Taiwan Semiconductor Manufacturing Company (TSMC) accounting for approximately 17% of our revenue. During the six months ended March 31, 2009 and 2008, our five largest customers accounted for approximately 37% and 43% of our revenue; respectively. TSMC was our largest customer during each of these periods, accounting for approximately 15% and 17% of our revenue for the six months ended March 31, 2009 and 2008, respectively.

OUR BUSINESS COULD BE SERIOUSLY HARMED IF OUR COMPETITORS DEVELOP SUPERIOR SLURRY PRODUCTS, OFFER BETTER PRICING TERMS OR SERVICE, OR OBTAIN CERTAIN INTELLECTUAL PROPERTY RIGHTS

Competition from other CMP slurry manufacturers could seriously harm our business and results of operations. Competition from other providers of CMP slurries could continue to increase, and opportunities exist for other companies to emerge as potential competitors by developing their own CMP slurry products. Increased competition has and may continue to impact the prices we are able to charge for our slurry products as well as our overall business. In addition, our competitors could have or obtain intellectual property rights which could restrict our ability to market our existing products and/or to innovate and develop new products.

ANY PROBLEM OR DISRUPTION IN OUR SUPPLY CHAIN, INCLUDING SUPPLY OF OUR MOST IMPORTANT RAW MATERIALS, OR IN OUR ABILITY TO MANUFACTURE AND DELIVER OUR PRODUCTS TO OUR CUSTOMERS, COULD ADVERSELY AFFECT OUR RESULTS OF OPERATIONS

We depend on our supply chain to enable us to meet the demands of our customers. Our supply chain includes the raw materials we use to manufacture our products, our production operations, and the means by which we deliver our products to our customers. Our business could be adversely affected by any problem or interruption in our supply of the key raw materials we use in our CMP slurries and pads, including fumed silica, or any problem or interruption that may occur during production or delivery of our products, such as weather-related problems or natural disasters.

For instance, Cabot Corporation continues to be our primary supplier of particular amounts and types of fumed silica. We believe it would be difficult to promptly secure alternative sources of key raw materials, including fumed silica, in the event one of our suppliers becomes unable to supply us with sufficient quantities of raw materials that meet the quality and technical specifications required by our customers. In addition, contractual amendments to the existing agreements with, or non-performance by, our suppliers, including any significant financial distress our suppliers may suffer during the current economic recession, could adversely affect us. Also, if we change the supplier or type of key raw materials we use to make our CMP slurries or pads, or are required to purchase them from a different manufacturer or manufacturing facility or otherwise modify our products, in certain circumstances our customers might have to requalify our CMP slurries and pads for their manufacturing processes and products. The requalification process could take a significant amount of time and expense to complete and could motivate our customers to consider purchasing products from our competitors, possibly interrupting or reducing our sales of CMP consumables to these customers.

WE ARE SUBJECT TO RISKS ASSOCIATED WITH OUR FOREIGN OPERATIONS

We currently have operations and a large customer base outside of the United States. Approximately 81% and 80% of our revenue was generated by sales to customers outside of the United States for the fiscal year ended September 30, 2008, and the six months ended March 31, 2009, respectively. We encounter risks in doing business in certain foreign countries, including, but not limited to, adverse changes in economic and political conditions, fluctuation in exchange rates, compliance with a variety of foreign laws and regulations, as well as difficulty in enforcing business and customer contracts and agreements, including protection of intellectual property rights.

WE MAY PURSUE ACQUISITIONS OF, INVESTMENTS IN, AND STRATEGIC ALLIANCES WITH OTHER ENTITIES, WHICH COULD DISRUPT OUR OPERATIONS AND HARM OUR OPERATING RESULTS IF THEY ARE UNSUCCESSFUL

We expect to continue to make investments in companies, either through acquisitions, investments or alliances, in order to supplement our internal growth and development efforts. Acquisitions and investments, including our acquisition of Epoch Material Co., Ltd., a Taiwan-based company, the first closing of which we completed in the fiscal quarter ended March 31, 2009, involve numerous risks, including the following: difficulties in integrating the operations, technologies, products and personnel of acquired companies; diversion of management's attention from normal daily operations of the business; increased risk associated with foreign operations; potential difficulties in entering markets in which we have limited or no direct prior experience and where competitors in such markets have stronger market positions; potential difficulties in operating new businesses with different business models; potential difficulties with regulatory or contract compliance in areas in which we have limited experience; initial dependence on unfamiliar supply chains or relatively small supply partners; insufficient revenues to offset increased expenses associated with acquisitions; potential loss of key employees of the acquired companies; or inability to effectively cooperate and collaborate with our alliance partners.

Further, we may never realize the perceived or anticipated benefits of a business combination or investments in other entities. Acquisitions by us could have negative effects on our results of operations, in areas such as contingent liabilities, gross profit margins, amortization charges related to intangible assets and other effects of accounting for the purchases of other business entities. Investments in and acquisitions of technology-related companies are inherently risky because these businesses may never develop, and we may incur losses related to these investments. In addition, we may be required to write down the carrying value of these investments to reflect other than temporary declines in their value, which could harm our business and results of operations.

BECAUSE WE HAVE LIMITED EXPERIENCE IN BUSINESS AREAS OUTSIDE OF CMP SLURRIES, EXPANSION OF OUR BUSINESS INTO NEW PRODUCTS AND APPLICATIONS MAY NOT BE SUCCESSFUL

An element of our strategy has been to leverage our current customer relationships and technological expertise to expand our CMP business from CMP slurries into other areas, such as CMP polishing pads. Additionally, pursuant to our Engineered Surface Finishes business, we are actively pursuing a variety of surface modification applications, such as high precision optics. Expanding our business into new product areas could involve technologies, production processes and business models in which we have limited experience, and we may not be able to develop and produce products or provide services that satisfy customers' needs or we may be unable to keep pace with technological or other developments. Also, our competitors may have or obtain intellectual property rights which could restrict our ability to market our existing products and/or to innovate and develop new products.

BECAUSE WE RELY HEAVILY ON OUR INTELLECTUAL PROPERTY, OUR FAILURE TO ADEQUATELY OBTAIN OR PROTECT IT COULD SERIOUSLY HARM OUR BUSINESS

Protection of intellectual property is particularly important in our industry because we develop complex technical formulas for CMP products that are proprietary in nature and differentiate our products from those of our competitors. Our intellectual property is important to our success and ability to compete. We attempt to protect our intellectual property rights through a combination of patent, trademark, copyright and trade secret laws, as well as employee and third-party nondisclosure and assignment agreements. Due to our international operations, we pursue protection in different jurisdictions, which may provide varying degrees of protection, and we cannot provide assurance that we can obtain adequate protection in each such jurisdiction. Our failure to obtain or maintain adequate protection of our intellectual property rights for any reason, including through the patent prosecution process or in the event of litigation related to such intellectual property, such as the current litigation between us and DuPont Air Products Nanomaterials described in "Legal Proceedings" in this Form 10-Q, could seriously harm our business. In addition, the costs of obtaining or protecting our intellectual property could negatively affect our operating results.

WE MAY NOT BE ABLE TO MONETIZE OUR INVESTMENTS IN AUCTION RATE SECURITIES IN THE SHORT TERM AND WE COULD EXPERIENCE A DECLINE IN THEIR MARKET VALUE, WHICH COULD ADVERSELY AFFECT OUR FINANCIAL RESULTS

We owned auction rate securities (ARS) with an estimated fair value of \$8.1 million (\$8.3 million par value) at March 31, 2009. We classified these investments as Other Long-Term Assets on our Consolidated Balance Sheet as of March 31, 2009. If auctions involving our ARS continue to fail, if issuers of our ARS are unable to refinance the underlying securities, if issuers are unable to pay debt obligations and related bond insurance fails, or if credit ratings decline or other adverse developments occur in the credit markets, then we may not be able to monetize these securities in the foreseeable future. We may also be required to further adjust the carrying value of these instruments through an impairment charge that may be deemed other-than-temporary which would adversely affect our financial results.

OUR INABILITY TO ATTRACT AND RETAIN KEY PERSONNEL COULD CAUSE OUR BUSINESS TO SUFFER

If we fail to attract and retain the necessary managerial, technical and customer support personnel, our business and our ability to maintain existing and obtain new customers, develop new products and provide acceptable levels of customer service could suffer. We compete with other industry participants for qualified personnel, particularly those with significant experience in the semiconductor industry. The loss of services of key employees could harm our business and results of operations.

RISKS RELATING TO THE MARKET FOR OUR COMMON STOCK

THE MARKET PRICE MAY FLUCTUATE SIGNIFICANTLY AND RAPIDLY

The market price of our common stock has fluctuated and could continue to fluctuate significantly as a result of factors such as: economic and stock market conditions generally and specifically as they may impact participants in the semiconductor and related industries; changes in financial estimates and recommendations by securities analysts who follow our stock; earnings and other announcements by, and changes in market evaluations of, us or participants in the semiconductor and related industries; changes in business or regulatory conditions affecting us or participants in the semiconductor and related industries; announcements or implementation by us, our competitors, or our customers of technological innovations, new products or different business strategies; and trading volume of our common stock.

ANTI-TAKEOVER PROVISIONS UNDER OUR CERTIFICATE OF INCORPORATION AND BYLAWS AND OUR RIGHTS PLAN MAY DISCOURAGE THIRD PARTIES FROM MAKING AN UNSOLICITED BID FOR OUR COMPANY

Our certificate of incorporation, our bylaws, our rights plan and various provisions of the Delaware General Corporation Law may make it more difficult to effect a change in control of our Company. For example, our amended and restated certificate of incorporation authorizes our Board of Directors to issue up to 20 million shares of blank check preferred stock and to attach special rights and preferences to this preferred stock, which may make it more difficult or expensive for another person or entity to acquire control of us without the consent of our Board of Directors. Also our amended and restated certificate of incorporation provides for the division of our Board of Directors into three classes as nearly equal in size as possible with staggered three-year terms.

We have adopted change in control arrangements covering our executive officers and other key employees. These arrangements provide for a cash severance payment, continued medical benefits and other ancillary payments and benefits upon termination of service of a covered employee's employment following a change in control, which may make it more expensive to acquire our Company.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

ISSUER PURCHASES OF EQUITY SECURITIES

In January 2008, we announced that the Board of Directors had authorized a share repurchase program for up to \$75.0 million of our outstanding common stock. Shares are repurchased from time to time, depending on market conditions, in open market transactions, at management's discretion. We fund share repurchases from our existing cash balance. The program, which became effective on the authorization date, may be suspended or terminated at any time, at the Company's discretion. We view the program as a flexible and effective means to return cash to stockholders. No shares were repurchased during the fiscal quarter ended March 31, 2009.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the annual meeting of stockholders of Cabot Microelectronics held on March 4, 2008, the following proposals were approved:

Proposal I - Election of three directors, each for a term of three years

	Number of Votes For Election	Number of Votes Withheld
John P. Frazee, Jr.	21,793,575	362,169
Barbara A. Klein	21,972,653	183,091
William P. Noglows	21,629,003	526,741

Proposal II - Ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent auditors for fiscal year 2009

A proposal to ratify the selection of PricewaterhouseCoopers LLP as the Company's independent auditors for fiscal year 2009 was approved with 22,014,376 shares cast for, 136,250 shares cast against, and 5,118 shares abstaining.

ITEM 6. EXHIBITS

The exhibit numbers in the following list correspond to the number assigned to such exhibits in the Exhibit Table of Item 601 of Regulation S-K:

Exhibit Number	Description
10.15	Cabot Microelectronics Corporation 2007 Employee Stock Purchase Plan, as Amended and Restated January 19, 2009.
10.56	First Amendment to Amended and Restated Credit Agreement dated October 30, 2008 among Cabot Microelectronics Corporation, Bank of America, N.A., as Administrative Agent, Issuing Bank, and Swing Line Bank, and JPMorgan Chase Bank, N.A., as Syndication Agent.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CABOT MICROELECTRONICS CORPORATION

Date: May 8, 2009

/s/ WILLIAM S. JOHNSON

William S. Johnson
Vice President and Chief Financial Officer
[Principal Financial Officer]

Date: May 8, 2009

/s/ THOMAS S. ROMAN

Thomas S. Roman
Corporate Controller
[Principal Accounting Officer]

Cabot Microelectronics Corporation
2007 Employee Stock Purchase Plan
(as Amended and Restated January 19, 2009)

ARTICLE I
INTRODUCTION

- 1.01 Purpose. The purpose of the Cabot Microelectronics Corporation Employee Stock Purchase Plan (the “Plan”) is to provide employees of Cabot Microelectronics Corporation (the “Company”) and its Designated Subsidiary Corporations with an opportunity to purchase Common Stock of the Company through accumulated payroll deductions.
- 1.02 Rules of Interpretation. It is the intention of the Company to have the Plan qualify as an “employee stock purchase plan” under Section 423 of the Internal Revenue Code of 1986, as amended (the “Code”), and the provisions of the Plan, accordingly, shall be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code; provided, however, that the Committee shall have the discretion to cause the options granted in one or more Offering Periods under the Plan to be options to which Section 423 of the Code does not apply.

ARTICLE II
DEFINITIONS

- 2.01 “Board” shall mean the Board of Directors of the Company.
- 2.02 “Change in Capitalization” shall mean any increase or reduction in the number of shares of Common Stock, or any change (including, but not limited to, in the case of a spin-off, dividend or other distribution in respect of shares of Common Stock, a change in value) in the shares of Common Stock or exchange of shares of Common Stock for a different number or kind of shares, other equity interests or other property of the Company or another entity, by reason of a reclassification, recapitalization, merger, consolidation, reorganization, spin-off, split-up, issuance of warrants or rights or debentures, stock dividend, stock split or reverse stock split, cash dividend, property dividend, combination or exchange of shares, repurchase of shares, change in corporate structure or otherwise.
- 2.03 “Change in Control” shall be as defined in Appendix A.
- 2.04 “Code” shall mean the Internal Revenue Code of 1986, as amended.
- 2.05 “Common Stock” shall mean the Common Stock of the Company.
- 2.06 “Company” shall mean Cabot Microelectronics Corporation, a Delaware corporation.
- 2.07 “Compensation” shall mean the gross cash compensation (including base salary, shift premium, overtime earnings and cash bonuses exclusive of relocation and sign-on bonuses) paid by the Company or a Designated Subsidiary Corporation in accordance with the terms of employment, but excluding all bonus payments, expense allowances and compensation paid in a form other than cash.

- 2.08 “Committee” shall mean the committee described in Article XI.
- 2.09 “Designated Subsidiary Corporation” shall mean any Subsidiary of the Company which has been designated by the Committee from time to time in its sole discretion as eligible to participate in the Plan.
- 2.10 “Employee” shall mean any individual who is a common law employee of the Company or a Designated Subsidiary Corporation for tax purposes whose customary employment with the Company is at least twenty (20) hours per week and more than five (5) months in any calendar year.
- 2.11 “Enrollment Date” shall mean the first day of each Offering Period.
- 2.12 “Exercise Date” shall mean the last day of each Offering Period.
- 2.13 “Fair Market Value” shall mean, as of any date, the value of a share of Common Stock determined as follows:
- 2.13.1 If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for a share of Common Stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the date of such determination, as reported in *The Wall Street Journal* or such other source as the Committee deems reliable, or
- 2.13.2 If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean of the closing bid and asked prices for a share of the Common Stock on the date of such determination, as reported in *The Wall Street Journal* or such other source as the Committee deems reliable, or
- 2.13.3 In the absence of an established market for the Common Stock, the Fair Market Value of a share thereof shall be determined in good faith by the Committee.
- 2.14 “Offering Period” shall mean a period of approximately six (6) months commencing on the first Trading Day on or after January 1st and terminating on the last Trading Day in the period ending the following June 30th, or commencing on the first Trading Day on or after July 1st and terminating on the last Trading Day in the period ending the following December 31st, provided, however, that the first Offering Period under the Plan shall commence on the first date on which quotations are available for the Common Stock on any established stock exchange or a national market system and shall end on a Trading Day selected by the Committee consistent with Section 423 of the Code. The duration of Offering Periods may be changed pursuant to Sections 13.05 and 13.06.

- 2.15 "Plan Representative" shall mean any person designated from time to time by the Committee to receive certain notices and take certain other administrative actions relating to participation in the Plan.
- 2.16 "Plan" shall mean the Cabot Microelectronics Corporation Employee Stock Purchase Plan.
- 2.17 "Prior Plan" shall mean the Cabot Microelectronics Corporation Employee Stock Purchase Plan, effective March 24, 2000.
- 2.18 "Purchase Price" shall mean an amount set by the Committee, but not less than the lesser of 85% of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower; provided, however, that the Purchase Price may be adjusted by the Board pursuant to Section 13.06.
- 2.19 "Subsidiary" shall mean a corporation, domestic or foreign, of which not less than 50% of the voting shares are held by the Company or a Subsidiary, whether or not such corporation now exists or is hereafter organized or acquired by the Company or a Subsidiary.
- 2.20 "Trading Day" shall mean a day on which national stock exchanges and the Nasdaq System are open for trading.

ARTICLE III
ELIGIBILITY AND PARTICIPATION

- 3.01 Eligibility. Each Employee on an Enrollment Date of an Offering Period shall be eligible to participate in such Offering Period. Persons who are not Employees shall not be eligible to participate in such Offering Period. Employees of Cabot Corporation and its subsidiaries, other than the Company and its Designated Subsidiary Corporations, are not eligible to participate in the Plan.
- 3.02 Restrictions on Participation. Notwithstanding any provision of the Plan to the contrary, no Employee shall be granted an option to purchase shares of Common Stock under the Plan:
- 3.02.1 If, immediately after the grant, such Employee would own stock and/or hold outstanding options to purchase stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company (for purposes of this paragraph, the rules of Section 424(d) of the Code shall apply in determining stock ownership of any Employee); or
- 3.02.2 If such Employee's rights to purchase stock under all employee stock purchase plans of the Company accrue at a rate which exceeds \$25,000 of Fair Market Value of the stock (determined at the time such option is granted) for each calendar year in which such option is outstanding at any time.
- 3.03 Commencement of Participation. An Employee may become a participant by completing an authorization for payroll deductions on the form provided by the Company and filing the completed form with the Plan Representative on or before the filing date set therefor by the Committee, which date shall be prior to the next Enrollment Date. Payroll deductions for a participant shall commence on the next following Enrollment Date after the Employee's authorization for payroll deductions becomes effective and shall continue until termination of the Plan, the participant's earlier termination of participation in the Plan, or the participant's change in payroll deductions pursuant to Section 5.03. Each participant in the Plan shall be deemed to continue participation until termination of the Plan or such participant's earlier termination of participation in the Plan pursuant to Article VIII below.

ARTICLE IV
STOCK SUBJECT TO THE PLAN AND OFFERINGS

- 4.01 Stock Subject to the Plan. Subject to the provisions of Section 13.03 of the Plan, the Board shall reserve for issuance under the Plan an amount equal to the sum of (i) five hundred thousand (500,000) shares of the Company's Common Stock, and (ii) the number of shares of the Company's Common Stock previously reserved for issuance under the Prior Plan but not issued before the adoption of this Plan, which shares shall be authorized but unissued shares of Common Stock, treasury shares, or shares of Common Stock purchased by the Company or the Plan on an established stock exchange or a national market system.
- 4.02 Offerings. The Plan will be implemented by two annual offerings of the Company's Common Stock each calendar year. Each offering will be outstanding during the applicable Offering Period.

ARTICLE V
PAYROLL DEDUCTIONS

- 5.01 Amount of Deduction. The form described in Section 3.03 will permit a participant to elect payroll deductions of any whole percentage from one percent (1%) through ten percent (10%), or any whole dollar amount that equates to from one percent (1%) through ten percent (10%), of such participant's Compensation for each pay period during an Offering Period.
- 5.02 Participant's Account. All payroll deductions made for a participant shall be credited to an account established for such participant under the Plan. A participant may not make any separate cash payment into such account.
- 5.03 Changes in Payroll Deductions. A participant may reduce or increase future payroll deductions (within the limits described in Section 5.01) by filing with the Plan Representative a form provided by the Company for such purpose. The effective date of any increase or reduction in future payroll deductions will be the next following payroll period succeeding processing of the change form.

ARTICLE VI
GRANTING OF OPTION

- 6.01 Number of Option Shares. On an Enrollment Date each participant shall be deemed to have been granted an option to purchase a number of shares of Common Stock determined by dividing the participant's accumulated payroll deductions on the Exercise Date by the lower of (i) 100% of the Fair Market Value of a share of Common Stock on the Enrollment Date or (ii) 100% of the Fair Market Value of a share of Common Stock on the Exercise Date; subject, however, to any applicable limitations contained in this Plan. In addition, the maximum number of shares a participant may purchase with respect to any Offering Period is that number of shares determined by dividing \$12,500 by the Fair Market Value of a share of Common Stock on the Enrollment Date; provided, however, the maximum number of shares a participant may purchase with respect to the first Offering Period is that number of shares determined by dividing \$25,000 by the Fair Market Value of a share of Common Stock on the Enrollment Date.

ARTICLE VII
EXERCISE OF OPTION

- 7.01 Automatic Exercise. Subject to the next following sentence, each Plan participant's option for the purchase of stock with payroll deductions made during any Offering Period will be exercised automatically on the applicable Exercise Date for the purchase of the number of full and deemed fractional shares of Common Stock that the accumulated payroll deductions in the participant's account at the time will purchase at the Purchase Price (but not in excess of the maximum number of shares determined pursuant to Section 6.01). The Committee shall have the discretion to reduce the number of shares of Common Stock to be purchased by participants with respect to an Offering Period and to allocate such reduced number of shares of Common Stock among participants in such Offering Period, so long as such reduction and allocation is done in a manner consistent with Section 423 of the Code. Any payroll deductions not applied to the purchase of shares of Common Stock by reason of the limitations of or reduction pursuant to this Section 7.01 shall be promptly refunded to participants after the Exercise Date of the Offering Period to which such reduction applies.
- 7.02 Withdrawal of Account. No participant in the Plan shall be entitled to withdraw any amount from the accumulated payroll deductions in his or her account; provided, however, that a participant's accumulated payroll deductions shall be refunded to the participant as and to the extent specified in Section 8.01 below upon termination of such participant's participation in the Plan.
- 7.03 Fractional Shares. Fractional shares of Common Stock will not be delivered under Section 7.5 of the Plan. Any deemed fractional share of Common Stock purchased by a Participant pursuant to Section 7.01 hereof will be combined with any deemed fractional shares purchased by the Participant in subsequent Offering Periods and whole shares of Common Stock then issued therefor. The Fair Market Value of all deemed fractional shares shall be paid in cash.
- 7.04 Exercise of Options. During a participant's lifetime, options held by such participant shall be exercisable only by such participant.
- 7.05 Delivery of Stock. As promptly as practicable after each Exercise Date, the Company will deliver to each participant the shares of Common Stock purchased upon exercise of such participant's option. The Company may deliver such shares in certificated or book entry form, at the Company's sole election.

ARTICLE VIII
WITHDRAWAL

- 8.01 In General. A participant may stop participating in the Plan at any time by giving written notice to the Plan Representative. Upon processing of any such written notice, no further payroll deductions will be made from the participant's Compensation during such Offering Period or thereafter, unless and until such participant elects to resume participation in the Plan by providing written notice to the Plan Representative pursuant to Section 3.03 above. Such participant's payroll deductions accumulated prior to processing of such notice shall be applied toward purchasing full and deemed fractional shares of Common Stock in the then-current Offering Period as provided in Section 7.01 above unless the participant requests in writing to have the accumulated payroll deductions and cash in lieu of deemed fractional shares returned to him or her.
- 8.02 Effect on Subsequent Participation. A participant's withdrawal from any Offering Period will not have any effect upon such participant's eligibility to participate in any succeeding Offering Period or in any similar plan which may hereafter be adopted by the Company and for which such participant is otherwise eligible.
- 8.03 Termination of Employment. Upon termination of a participant's employment with the Company or any Designated Subsidiary Corporation (as the case may be) for any reason, including retirement but excluding death, the participant's payroll deductions accumulated prior to such termination, if any, shall be applied toward purchasing full and deemed fractional shares of Common Stock in the then-current Offering Period so long as the Exercise Date with respect to such Offering Period occurs on or within three months following such termination; provided, however, that (1) the participant may request in writing to have the accumulated payroll deductions and cash in lieu of deemed fractional shares returned to him or her, and (2) upon termination of a participant's employment with the Company or any Designated Subsidiary Corporation (as the case may be) as a result of the participant's death, the participant's payroll deductions accumulated prior to such termination and cash in lieu of deemed fractional shares shall be paid to his or her estate.

ARTICLE IX
INTEREST

- 9.01 Payment of Interest. No interest will be paid or allowed on any money paid into the Plan or credited to the account of or distributed to any participant.

ARTICLE X
STOCK

- 10.01 Participant's Interest in Option Stock. No participant will have any interest in shares of Common Stock covered by any option held by such participant until such option has been exercised as provided in Section 7.01 above.
- 10.02 Registration of Stock. Shares of Common Stock purchased by a participant under the Plan will be recorded in the name of the participant, or, if the participant so directs by written notice to the Plan Representative prior to the applicable Exercise Date, in the names of the participant and the participant's spouse as joint tenants with rights of survivorship or as tenants by the entireties, to the extent permitted by applicable law.
- 10.03 Restrictions on Exercise. The Board may, in its discretion, require as conditions to the exercise of any option that the shares of Common Stock reserved for issuance upon the exercise of such option shall have been duly listed, upon official notice of issuance, upon a stock exchange or market, and that either:
- 10.03.1 a registration statement under the Securities Act of 1933, as amended, with respect to said shares shall be effective, or
- 10.03.2 the participant shall have represented at the time of purchase, in form and substance satisfactory to the Company, that it is his or her intention to purchase the shares for investment and not for resale or distribution.

ARTICLE XI
ADMINISTRATION

- 11.01 Appointment of Committee. The Plan shall be administered by the Board or a Committee of members of the Board appointed by the Board. The Board or its Committee shall have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made by the Board or its Committee shall, to the full extent permitted by law, be final and binding upon all parties.
- 11.02 Authority of Committee. Subject to the express provisions of the Plan, the Committee shall have plenary authority in its discretion to interpret and construe any and all provisions of the Plan, to adopt rules and regulations for administering the Plan, and to make all other determinations deemed necessary or advisable for administering the Plan. The Committee's determination of the foregoing matters shall be conclusive. Except as otherwise prohibited by applicable law, the Committee may delegate some or all of its authority specified herein to the Plan Representative.
- 11.03 Rules Governing the Administration of the Committee. The Board may from time to time appoint members of the Committee in substitution for or in addition to members previously appointed and may fill vacancies, however caused, in the Committee. The Committee may select one of its members as its chairman, shall hold its meetings at such times and places as it shall deem advisable, and may hold telephonic meetings. All determinations of the Committee shall be made by a majority of its members. A decision or determination reduced to writing and signed by a majority of the members of the Committee shall be as fully effective as if it had been made by a majority vote at a meeting duly called and held. The Committee may appoint a secretary and shall make such rules and regulations for the conduct of its business as it shall deem advisable.
- 11.04 Rules and Procedures Applicable to Offering Periods. The Committee shall have the authority and discretion to adopt rules and procedures applicable to one or more Offering Periods under the Plan. Any such rules and procedures shall be established by the Committee and communicated to participants in advance of any Offering Period to which they apply. Such rules and procedures may, in the discretion of the Committee, cause the options granted under any such Offering Period to be options to which Section 423 of the Code does not apply.

ARTICLE XII
FOREIGN JURISDICTIONS

Notwithstanding any other provision in this Plan, the Committee may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing sentence, the Committee is specifically authorized to adopt rules and procedures regarding handling of payroll deductions, payment of interest, conversion of local currency, payroll tax, withholding procedures and handling of stock certificates which vary in accordance with the requirements of such local law and procedures. To the extent that any such rules or procedures are adopted with respect to options granted in an Offering Period to which Section 423 of the Code is intended to apply, the Committee shall cause such rules and procedures to be consistent with Section 423 of the Code.

ARTICLE XIII
MISCELLANEOUS

13.01 Transferability. Neither payroll deductions credited to any participant's account nor any option or other rights with regard to the exercise of an option to receive Common Stock under the Plan may be assigned, transferred, pledged, or otherwise disposed of in any way by the participant other than by will or the laws of descent and distribution. Any such attempted assignment, transfer, pledge or other disposition shall be without effect except that the Company may, in its discretion, treat such act as an election to withdraw from participation in the Plan in accordance with Section 8.01.

13.02 Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose. The Company shall not segregate such payroll deductions.

13.03 Adjustment Upon Changes in Capitalization; Change in Control.

13.03.1 Changes in Capitalization. Subject to any required action by the stockholders of the Company, the Reserves, the maximum number of shares each participant may purchase per Offering Period (pursuant to Section 6.01), as well as the Purchase Price and the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised shall be proportionately adjusted for any Change in Capitalization. Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class shall affect, and no adjustment by reason thereof shall be made with respect to, the number or Purchase Price of shares of Common Stock subject to an option.

13.03.2 Change in Control. In the event of a Change in Control, the Offering Period during which the Change in Control would otherwise occur shall be accelerated and shall end on the last payroll date immediately preceding the Change in Control.

13.04 Amendment or Termination. The Board shall have complete power and authority to terminate or amend the Plan; provided, however, that the Board shall not, without the approval of the shareholders of the Company, alter (i) the aggregate number of shares of Common Stock which may be issued under the Plan (except pursuant to Section 13.03 above), or (ii) the class of Employees eligible to receive options under the Plan, other than to designate Subsidiaries as Designated Subsidiary Corporations; and provided further, however, that, subject to Section 13.05 no termination, modification, or amendment of the Plan may, without the consent of an Employee then having an option under the Plan to purchase shares of Common Stock, adversely affect the rights of such Employee under such option. In addition, and notwithstanding anything contained in this Plan to the contrary, to the extent necessary under Section 423 of the Internal Revenue Code (or any successor rule or provision or any applicable law or regulation), the Company shall obtain stockholder approval in such a manner and to such a degree as so required.

13.05 The Committee shall be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each participant properly correspond with amounts withheld from the participant's Compensation, and establish such other limitations or procedures as the Board (or its committee) determines in its sole discretion advisable which are consistent with the Plan, in each case so long as any such action is consistent with Section 423 of the Code. None of the foregoing actions shall be considered to have adversely affected any right of any participant.

13.06 In the event that the Committee determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Committee may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

13.06.1 changing the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;

13.06.2 shortening any Offering Period so that the Offering Period ends on a new Exercise Date, including an Offering Period underway at the time of such action; and

13.06.3 allocating shares of Common Stock to participants pursuant to Section 7.01 hereof.

None of the foregoing actions shall be considered to have adversely affected any right of any participant.

13.07 Notices. All notices or other communications by a participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company by the Plan Representative.

13.08 Conditions Upon Issuance of Shares. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance. As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

13.09 Effective Date. The Plan shall become effective as of its adoption by the Board, subject to approval by the holders of a majority of the shares of Common Stock, and shall continue in effect until the shares of Common Stock reserved for issuance under the Plan have been depleted, unless sooner terminated under Section 13.04 hereof. If the Plan is not so approved, the Plan shall not become effective.

13.10 No Employment Rights. The Plan does not, directly or indirectly, create in any person any right with respect to employment or continuation of employment by the Company or any Subsidiary, and it shall not be deemed to interfere in any way with the Company's or any Subsidiary's right to terminate, or otherwise modify, any Employee's employment at any time.

13.11 Effect of Plan. The provisions of the Plan shall, in accordance with its terms, be binding upon, and inure to the benefit of, all successors of each Employee participating in the Plan, including, without limitation, such Employee's estate and the executors, administrators or trustees thereof, heirs and legatees, and any receiver, trustee in bankruptcy or representative of creditors of such Employee.

13.12 Governing Law. The law of the State of Delaware will govern all matters relating to this Plan except to the extent superseded by the federal laws of the United States.

APPENDIX A

A "Change in Control" shall be deemed to have occurred if, following the "Distribution" (as defined in the Master Separation Agreement, dated March 27, 2000, to which the Company and Cabot Corporation are parties):

(a) any "person" as such term is used in Sections 13(d) and 14(d) of the 1934 Act (other than (i) the Company, (ii) any subsidiary of the Company, (iii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or of any subsidiary of the Company, or (iv) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), is or becomes the "beneficial owner" (as defined in Section 13(d) of the 1934 Act), together with all Affiliates and Associates (as such terms are used in Rule 12b-2 of the General Rules and Regulations under the 1934 Act) of such person, directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities; or

(b) the stockholders of the Company approve a merger or consolidation of the Company with any other company, other than (i) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, at least 60% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) after which no "person" (with the method of determining "beneficial ownership" used in clause (a) of this definition) owns more than 30% of the combined voting power of the securities of the Company or the surviving entity of such merger or consolidation; or

(c) during any period of two consecutive years (not including any period prior to the execution of the Plan), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has conducted or threatened a proxy contest, or has entered into an agreement with the Company to effect a transaction described in clause (a), (b) or (d) of this definition) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved cease for any reason to constitute at least a majority thereof; or

(d) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

This **FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT** (this “Agreement”), dated as of October 30, 2008, is among **CABOT MICROELECTRONICS CORPORATION**, a Delaware corporation (the “Company”), the financial institutions parties to the Credit Agreement described below, as Banks thereunder, **BANK OF AMERICA, N.A.** (in its individual capacity, “Bank of America”), as successor by merger to LaSalle Bank National Association, in its capacity as Administrative Agent, Issuing Bank, and Swing Line Bank under such Credit Agreement, and **JPMORGAN CHASE BANK, N.A.**, formerly known as Bank One, N.A. (in its individual capacity, “JPMorgan”), in its capacity as Syndication Agent under such Credit Agreement.

RECITALS

A. The Company, the Banks, the Administrative Agent, the Issuing Bank, the Swing Line Bank, and National City Bank of Michigan/Illinois (“National City”), as the original Syndication Agent thereunder, entered into an Amended and Restated Credit Agreement dated as of November 24, 2003 (the “Credit Agreement”), pursuant and subject to the terms and conditions of which, among other things, the Banks, the Issuing Bank, and the Swing Line Bank agreed to make loans and other financial accommodations to the Company.

B. Concurrently herewith, with the consent of both the Company and the Administrative Agent (i) National City is assigning and delegating to JPMorgan all of its Loans and Revolving Loan Commitment and the title of “Syndication Agent” under the Credit Agreement and (ii) U.S. Bank National Association is assigning and delegating to Bank of America all of its Loans and Revolving Loan Commitment under the Credit Agreement.

C. The Company has requested certain amendments to the Credit Agreement.

D. Subject to the terms and conditions of this Agreement, the Banks, the Administrative Agent, the Issuing Bank, the Swing Line Bank, and the Syndication Agent are willing to agree to the requests of the Company.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and subject to the terms and conditions hereof, the parties hereto hereby agree as follows:

1. Incorporation of Recitals. The Recitals set forth above are incorporated herein, are acknowledged by the Company to be true and correct and are made a part hereof.

2. Definitions. All capitalized terms used but not elsewhere defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement, as amended by this Agreement.

3. Amendments to Credit Agreement. The Credit Agreement is amended as set forth below:

(a) Preamble – Amended Definitions. The Preamble to the Credit Agreement is amended by deleting the words “LASALLE BANK NATIONAL ASSOCIATION (in its individual capacity, “LaSalle”), as administrative agent and issuing bank for the Banks, and NATIONAL CITY BANK OF MICHIGAN/ILLINOIS, a national banking association (in its individual capacity, “National City”), as syndication agent for the Banks” and substituting the words “BANK OF AMERICA, N.A. (in its individual capacity, “Bank of America”), as successor by merger to LaSalle Bank National Association (“LaSalle”), as administrative agent, issuing bank, and swing line bank for the Banks, and JPMORGAN CHASE BANK, N.A., a national banking association (in its individual capacity, “JPMorgan”), as successor to National City Bank of Michigan/Illinois, a national banking association (“National City”), as syndication agent for the Banks”.

(b) **Section 1.1 – Amended Definitions.** Section 1.1 of the Credit Agreement is amended by deleting the current version of the following definitions and substituting the following versions in lieu thereof:

Administrative Agent means Bank of America, in its capacity as administrative agent for the Banks hereunder, and any successor thereto in such capacity.

Bank – see the Preamble. References to the “Banks” shall include (a) Bank of America, for so long as it holds any Loans or has any Revolving Loan Commitment hereunder, (b) JPMorgan Chase Bank, N.A., for so long as it holds any Loans or has any Revolving Loan Commitment hereunder, (c) any Person who becomes a party hereto pursuant to an Assignment Agreement or a Joinder Agreement, (d) the Issuing Bank, and (e) the Swing Line Bank; for purposes of clarification only, to the extent that Bank of America (or any successor Issuing Bank or Swing Line Bank) may have any rights or obligations in addition to those of the other Banks due to its status as Issuing Bank or Swing Line Bank, its status as such will be specifically referenced.

Business Day means any day on which Bank of America is open for commercial banking business in Chicago, Illinois and, in the case of a Business Day which relates to a Eurodollar Loan, on which dealings are carried on in the London interbank eurodollar market.

Fee Letter Agreement means the Fee Letter Agreement dated October 30, 2008 between the Company and the Administrative Agent.

Issuing Bank means Bank of America, in its capacity as Issuing Bank hereunder, and any successor thereto in such capacity.

Prime Rate means, for any day, the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its prime rate (whether or not such rate is actually charged by Bank of America). Any change in the Prime Rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

Revolving Loan Commitment means (a) the commitment of a Bank to make or otherwise fund a Revolving Loan and (b) the commitment of a New Bank to make or otherwise fund any New Revolving Loan, and, in each case, to acquire participations in Letters of Credit and Swing Line Loans hereunder and “Revolving Loan Commitments” means such commitments of all Banks and New Banks in the aggregate. The amount of each Bank’s Revolving Loan Commitment is set forth on Schedule 2.1 or in the applicable Assignment Agreement or Joinder Agreement, subject to any adjustment or reduction pursuant to the terms and conditions hereof. The aggregate amount of the Revolving Loan Commitments as of the First Amendment Closing Date is \$50,000,000.

Scheduled Termination Date means October 30, 2011, subject to extension pursuant to Section 2.6.

Swing Line Bank means Bank of America, in its capacity as Swing Line Bank hereunder, and any successor thereto in such capacity.

Syndication Agent means JPMorgan, in its capacity as syndication agent for the Banks hereunder, and any successor thereto in such capacity.

(c) **Section 1.1 – Additional Definitions.** Section 1.1 of the Credit Agreement is amended by inserting the following definitions in appropriate alphabetical order:

Bank of America – see the Preamble.

First Amendment Closing Date means October 30, 2008.

JPMorgan – see the Preamble.

(d) **Section 2.2.2 – Identification of Sub-Paragraphs.** Section 2.2.2 of the Credit Agreement is amended by inserting the letter “(a)” before the first paragraph thereof and the letter “(b)” before the second paragraph thereof.

(e) **Section 2.6 – Renewal Options.** Section 2.6 of the Credit Agreement is deleted in its entirety and the following is substituted in lieu thereof:

“2.6 Renewal Options.

(a) Subject to the terms and conditions of this Section 2.6, provided no Unmatured Event of Default or Event of Default then exists and with the prior written consent of the Banks (which consent shall not be unreasonably withheld or delayed and shall not include any requirement of payment of any fee solely on account of the exercise of such Renewal Option if no other term or provision of this Agreement or the other Loan Documents is being amended) (i) prior to the second anniversary of the First Amendment Closing Date the Company may elect to extend the Scheduled Termination Date from October 30, 2011 to October 30, 2012 (the “First Renewal Option”) and (ii) if the Company has properly exercised the First Renewal Option and the Banks have consented to the extension of the Scheduled Termination Date from October 30, 2011 to October 30, 2012, prior to the third anniversary of the First Amendment Closing Date the Company may elect to extend further the Scheduled Termination Date from October 30, 2012 to October 30, 2013 (the “Second Renewal Option”) and, together with the First Renewal Option, the “Renewal Options”). The Company may exercise a Renewal Option solely by delivering to the Administrative Agent not more than 120 days nor less than 60 days prior to the second anniversary of the First Amendment Closing Date (in the case of the First Renewal Option) or the third anniversary of the First Amendment Closing Date (in the case of the Second Renewal Option) written notice of its election to exercise such Renewal Option. Each such notice shall be effective upon receipt by the Administrative Agent and shall be irrevocable. Promptly upon receipt of such notice, the Administrative Agent shall advise the Banks thereof. Each Bank shall deliver to the Administrative Agent either its written consent or written refusal to the applicable extension not later than the date (the “Determination Date”) which is 30 days prior to the second anniversary of the First Amendment Closing Date (in the case of the exercise by the Company of the First Renewal Option) or the third anniversary of the First Amendment Closing Date (in the case of the exercise by the Company of the Second Renewal Option). Any Bank which fails to deliver such written consent to the Administrative Agent not later than the applicable Determination Date shall be deemed for all purposes irrevocably to have consented to the applicable extension. Under no circumstances shall any Bank be liable to or under any obligation to the Company for the failure of any other Bank to consent to the applicable extension, and in no event shall the Scheduled Termination Date be extended unless all Banks consent to such extension.

(b) If any Bank other than Bank of America delivers to the Administrative Agent its written refusal to any applicable extension as described in the preceding paragraph (a), then, if no Event of Default has occurred and is continuing, the Company may designate a Replacement Bank to purchase the Loans of such Bank and such Bank’s rights hereunder, without recourse to or warranty by, or expense to, such Bank, for a purchase price equal to the outstanding principal amount of the Loans payable to such Bank plus any accrued but unpaid interest on such Loans and all accrued but unpaid fees owed to such Bank and any other amounts payable to such Bank under this Agreement (excluding, however, in the event the aggregate Pro Rata Shares of the Banks being replaced are less than 25%, all amounts, if any, which otherwise would be payable to such Bank pursuant to Section 8.4 hereof), and to assume all the obligations of such Bank hereunder, and, upon such purchase and assumption (pursuant to an Assignment Agreement), such Bank shall no longer be a party hereto or have any rights hereunder (other than rights with respect to indemnities and similar rights applicable to such Bank prior to the date of such purchase and assumption) and shall be relieved from all obligations to the Company hereunder, and the Replacement Bank shall succeed to the rights and obligations of such Bank hereunder.”

(f) **Upfront Fees.** Section 5.3 of the Credit Agreement is deleted in its entirety and the following is substituted in lieu thereof:

“5.3 Upfront Fees. The Company agrees to pay to the Administrative Agent on the First Amendment Closing Date an upfront fee as set forth in the Fee Letter Agreement (and the Administrative Agent agrees to promptly forward to each Bank a portion of such upfront fee in the amount previously agreed to between the Administrative Agent and such Bank). The Company further agrees to pay to the Administrative Agent on the date each New Revolving Loan Commitment becomes effective an upfront fee as set forth in the Fee Letter Agreement (and the Administrative Agent agrees to promptly forward to each New Bank a portion of such upfront fee in the amount agreed to between the Administrative Agent and such New Bank).”

(g) **Section 9.14 – Subsidiaries.** Section 9.14 of the Credit Agreement is deleted in its entirety and the following is substituted in lieu thereof:

“9.14 Subsidiaries. Except as set forth on Schedule 9.14 hereto, as of the First Amendment Closing Date the Company has no Subsidiaries.”

(h) **Section 10.6.3 – Minimum Net Worth.** Section 10.6.3 of the Credit Agreement is deleted in its entirety.

(i) **Section 10.7 – Limitations on Debt.** Clause (a) of Section 10.7 of the Credit Agreement is deleted in its entirety and the following is substituted in lieu thereof:

“(a) Debt under this Agreement and the other Loan Documents;”

(j) **Section 10.11 – Mergers, Consolidations, Acquisitions, Sales.** Clause (c)(2) of Section 10.11 of the Credit Agreement is deleted in its entirety and the following is substituted in lieu thereof:

“(2) the aggregate consideration to be paid by the Company and its Subsidiaries (including any Debt assumed or issued in connection therewith and the value of all capital stock issued in connection therewith, the amount thereof to be calculated in accordance with GAAP) in connection with such Acquisition (or any series of related Acquisitions) does not exceed \$70,000,000 individually and \$150,000,000 in the aggregate when taking into consideration the aggregate purchase price of all other purchases and acquisitions consummated after the First Amendment Closing Date;”

(k) **Section 10.11(d) – Mergers, Consolidations, Acquisitions, Sales.** Section 10.11(d) of the Credit Agreement is deleted in its entirety and the following is substituted in lieu thereof:

“(d) sales and dispositions of assets (including the stock of Subsidiaries) for at least fair market value (as determined by the Board of Directors of the Company for any such sale or disposition outside the ordinary course of business) so long as the net book value of all assets sold or otherwise disposed of prior to the fifth anniversary of the First Amendment Closing Date does not exceed the remainder of (1) 10% of the net book value of the consolidated tangible assets of the Company and its Subsidiaries as of the most recently ended Fiscal Quarter minus (2) the aggregate value of all such sales and dispositions since the First Amendment Closing Date.”

(l) **Section 13.8 – Agents in Individual Capacity.** Section 13.8 of the Credit Agreement is deleted in its entirety and the following is substituted in lieu thereof:

“13.8 Agents in Individual Capacity. Bank of America, JPMorgan and their respective Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Company and its Subsidiaries and Affiliates as though Bank of America was not the Administrative Agent or the Issuing Bank hereunder, JPMorgan was not the Syndication Agent hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, Bank of America, JPMorgan and their respective Affiliates may receive information regarding the Company or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Company or such Affiliate) and acknowledge that no Agent shall be under any obligation to provide such information to them. With respect to their Loans (if any), Bank of America, JPMorgan and their respective Affiliates shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though Bank of America was not the Administrative Agent and the Issuing Bank, JPMorgan was not the Syndication Agent, and the terms “Bank” and “Banks” include Bank of America, JPMorgan and their respective Affiliates, to the extent applicable, in their individual capacities.”

(m) **Pricing Schedule.** The Pricing Schedule attached to the Credit Agreement is deleted in its entirety and the Pricing Schedule attached hereto is substituted in lieu thereof.

(n) **Schedule 2.1 – Banks and Pro Rata Shares.** Schedule 2.1 attached to the Credit Agreement is deleted in its entirety and Schedule 2.1 attached hereto is substituted in lieu thereof.

(o) **Schedule 9.6 – Litigation and Contingent Liabilities.** Schedule 9.6 attached to the Credit Agreement is deleted in its entirety and Schedule 9.6 attached hereto is substituted in lieu thereof.

(p) **Schedule 9.14 – Subsidiaries.** Schedule 9.14 attached to the Credit Agreement is deleted in its entirety and Schedule 9.14 attached hereto is substituted in lieu thereof.

(q) **Schedule 10.19 – Investments.** Schedule 10.19 attached to the Credit Agreement is deleted in its entirety and Schedule 10.19 attached hereto is substituted in lieu thereof.

(r) **Schedule 14.3 – Addresses for Notices.** Schedule 14.3 attached to the Credit Agreement is deleted in its entirety and Schedule 14.3 attached hereto is substituted in lieu thereof.

(s) **Exhibits A-1, A-2, B, C, D and F.** Exhibits A-1, A-2, B, C, D, and F attached to the Credit Agreement are deleted in their entirety and Exhibits A-1, A-2, B, C, D, and F attached hereto are substituted in lieu thereof.

4. **Conditions to Effectiveness.** The effectiveness of this Agreement shall be subject to the satisfaction of all of the following conditions in a manner, form and substance satisfactory to the Administrative Agent:

(a) Delivery of Documents. The following shall have been delivered to the Administrative Agent, each duly authorized and executed and each in form and substance satisfactory to the Administrative Agent:

- (1) this Agreement;
- (2) an Assignment Agreement executed by the Company, National City and JPMorgan by which National City assigns and delegates to JP Morgan all of its Loans and Revolving Loan Commitment and the title of "Syndication Agent" under the Credit Agreement;
- (3) an Assignment Agreement executed by the Company, U.S. Bank National Association and Bank of America by which U.S. Bank National Association assigns and delegates to Bank of America all of its Loans and Revolving Loan Commitment under the Credit Agreement;
- (4) a replacement Revolving Note in the amount of \$30,000,000 made by the Company payable to the order of Bank of America in replacement of, and substitution for, the Revolving Notes previously issued by the Company to U.S. Bank National Association and LaSalle;
- (5) a replacement Revolving Note in the amount of \$20,000,000 made by the Company payable to the order of JPMorgan in replacement of, and substitution for, the Revolving Notes previously issued by the Company to National City and to Bank One, N.A.;
- (6) a replacement Swing Line Note in the amount of \$5,000,000 made by the Company payable to the order of Bank of America in replacement of, and substitution for, the Swing Line Note previously issued by the Company to LaSalle; and
- (7) the Fee Letter Agreement;
- (8) a replacement Guaranty executed by such of the Company's Subsidiaries as are required to execute the Guaranty pursuant to Section 10.14 of the Credit Agreement in replacement of, and substitution for, the Guaranty delivered on the Closing Date; and
- (9) such other instruments, documents, certificates, consents, waivers and opinions as the Administrative Agent reasonably may request.

(b) Payment of Fees. The Company shall have paid to the Administrative Agent the upfront fee and such other fees as are payable on the First Amendment Closing Date pursuant to the Fee Letter Agreement.

(c) No Default. No Event of Default or Unmatured Event of Default shall exist.

(d) Material Adverse Effect. No event shall have occurred since September 30, 2007 which has had or could have a material adverse effect on the financial condition or affairs of the Company.

The date on which all of the conditions set forth in this Section 4 have been satisfied is referred to herein as the "Effective Date."

5. **Loan Document.** This Agreement shall constitute a “Loan Document.” From and after the Effective Date, all terms used in the Loan Documents which are defined in the Credit Agreement shall be deemed to refer to such terms as amended by this Agreement.

6. **Representations and Warranties.** The Company hereby confirms to the Banks, the Issuing Bank, the Swing Line Bank, and the Administrative Agent that the representations and warranties set forth in the Loan Documents are true and correct in all material respects as of the date hereof (unless any such representation or warranty relates to a specific date, in which case such representation or warranty is true and correct as of such date), and shall be deemed to be remade as of the date hereof (unless any such representation or warranty relates to a specific date, in which case such representation or warranty shall be deemed to be remade as of such date). The Company represents and warrants to the Banks, the Issuing Bank, the Swing Line Bank, and the Administrative Agent that (i) it has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder, (ii) upon the execution and delivery hereof, this Agreement will be valid, binding and enforceable upon it in accordance with its terms (except as such enforceability may be limited by (x) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect affecting the enforcement of creditors’ rights generally and (y) equitable principles (whether or not any action to enforce this Agreement is brought at law or in equity)), (iii) the execution and delivery of this Agreement does not and will not contravene, conflict with, violate or constitute a default under (A) its articles or certificate of incorporation, by-laws, certificate of formation or operating agreement, as applicable, or (B) any applicable law, rule, regulation, judgment, decree or order or any agreement, indenture or instrument to which it is a party or is bound or which is binding upon or applicable to all or any portion of its property and (iv) as of the date hereof no Event of Default or Unmatured Event of Default exists.

7. **No Further Amendments; Ratification of Liability.** Except as amended hereby, the Credit Agreement and each of the other Loan Documents shall remain in full force and effect in accordance with their respective terms. The Company hereby ratifies and confirms its liabilities, obligations and agreements under the Credit Agreement and the other Loan Documents, all as amended by this Agreement, and the Liens created thereby, and acknowledges that (i) it has no defenses, claims or set-offs to the enforcement by the Administrative Agent of such liabilities, obligations and agreements, (ii) the Banks, the Issuing Bank, the Swing Line Bank, and the Administrative Agent have each fully performed all obligations to the Company which any of them may have had or has on and as of the date hereof and (iii) other than as specifically set forth herein, the Banks, the Issuing Bank, the Swing Line Bank, and the Administrative Agent do not waive, diminish or limit any term or condition contained in the Credit Agreement or the other Loan Documents. The Loan Documents, as amended by this Agreement, contain the entire agreement between the Company, the Banks, the Issuing Bank, the Swing Line Bank, and the Administrative Agent with respect to the transactions contemplated hereby.

8. **Release of Claims.** In consideration of the execution and delivery of this Agreement by the Banks, the Issuing Bank, the Swing Line Bank, and the Administrative Agent, the sufficiency of which is acknowledged, and excepting only the contractual obligations respecting future performance by the Banks, the Issuing Bank, the Swing Line Bank, and the Administrative Agent arising under the Credit Agreement and the other Loan Documents, the Company hereby irrevocably releases and forever discharges the Banks, the Issuing Bank, the Swing Line Bank, and the Administrative Agent and each of their respective affiliates, subsidiaries, successors, assigns, directors, officers, employees, agents, representatives and attorneys (each, a “Released Person”) of and from all damages, losses, claims, demands, liabilities, obligations, actions and causes of action whatsoever which the Company may now have or claim to have on and as of the date hereof against any Released Person, whether presently known or unknown, liquidated or unliquidated, suspected or unsuspected, contingent or non-contingent, and of every nature and extent whatsoever (collectively, “Claims”). The Company represents and warrants to the Banks, the Issuing Bank, the Swing Line Bank, and the Administrative Agent that it has not granted or purported to grant to any other Person any interest whatsoever in any Claim, as security or otherwise. The Company shall indemnify, defend and hold harmless each Released Person from and against any and all Claims and any loss, cost, liability, damage or expense (including reasonable attorneys’ fees and expenses) incurred by any Released Person in investigating, preparing for, defending against, providing evidence or producing documents in connection with or taking other action in respect of any commenced or threatened Claim.

9. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission or in a pdf or similar electronic file shall be effective as delivery of a manually executed counterpart hereof.

10. **Further Assurances.** The Company covenants and agrees that it will at any time and from time to time do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, documents and instruments as reasonably may be required by the Administrative Agent in order to effectuate fully the intent of this Agreement.

11. **Severability.** If any term or provision of this Agreement or the application thereof to any party or circumstance shall be held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the validity, legality and enforceability of the remaining terms and provisions of this Agreement shall not in any way be affected or impaired thereby, and the affected term or provision shall be modified to the minimum extent permitted by law so as most fully to achieve the intention of this Agreement.

12. **Captions.** The captions in this Agreement are inserted for convenience of reference only and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions hereof.

13. **Entire Agreement.** This Agreement, the Credit Agreement and the other Loan Documents executed prior or pursuant hereto constitute the entire agreement among the parties hereto with respect to the transactions contemplated hereby or thereby and supersede any prior agreements, whether written or oral, relating to the subject matter hereof.

14. **Governing Law.** This Agreement shall be a contract made under and governed by the internal laws of the State of Illinois applicable to contracts made and to be performed entirely within such State.

15. **Forum Selection and Consent to Jurisdiction.** ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF ILLINOIS OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS; PROVIDED THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE ADMINISTRATIVE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE COMPANY HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF ILLINOIS AND OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. THE COMPANY FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF ILLINOIS. THE COMPANY HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

16. **Waiver of Jury Trial.** EACH OF THE COMPANY, THE ADMINISTRATIVE AGENT AND EACH BANK HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, ANY NOTE, ANY OTHER LOAN DOCUMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

[remainder of this page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by each of the parties hereto by a duly authorized officer of each such party on the date first set forth above.

CABOT MICROELECTRONICS CORPORATION

By: _____
William S. Johnson
Vice President, Chief Financial Officer

BANK OF AMERICA, N.A., as successor by merger to LaSalle Bank National Association, as Administrative Agent, as Issuing Bank, and as Swing Line Bank

By: _____
Tiffany Shin
Assistant Vice President

JPMORGAN CHASE BANK, N.A., as Syndication Agent and as a Bank

By: _____
Name: _____
Title: _____

BANK OF AMERICA, N.A., as a Bank

By: _____
Anne Eahroshe
Vice President

PRICING SCHEDULE

The Eurodollar Margin, the Base Rate Margin, the Non-Use Fee Rate and the LC Fee Rate shall be determined as set forth below.

Initially, the Eurodollar Margin shall be 1.00% per annum, the Base Rate Margin shall be 0.00% per annum, the Non-Use Fee Rate shall be 0.1875% per annum and the LC Fee Rate shall be 1.00% per annum.

On and after the first date on which an adjustment is required pursuant to the penultimate Paragraph of this Pricing Schedule, the Eurodollar Margin, the Base Rate Margin, the Non-Use Fee Rate and the LC Fee Rate shall be equal to the applicable rate per annum set forth in the table below opposite the applicable Leverage Ratio.

Leverage Ratio	Eurodollar Margin	Base Rate Margin	Non-Use Fee Rate	LC Fee Rate
Greater than or equal to 1.50:1.00	1.50%	0.00%	0.30%	1.50%
Greater than or equal to 1.00:1.00 but less than 1.50:1.00	1.25%	0.00%	0.25%	1.25%
Less than 1.00:1.00	1.00%	0.00%	0.1875%	1.00%

The Eurodollar Margin, the Base Rate Margin, the Non-Use Fee Rate and the LC Fee Rate shall be adjusted, to the extent applicable, on the 45th (or, in the case of the last Fiscal Quarter of each Fiscal Year, 90th) day after the end of each Fiscal Quarter ending on or after December 31, 2008 based on the Leverage Ratio as of the last day of such Fiscal Quarter; it being understood that if the Company fails to deliver the financial statements required by Section 10.1.1 or 10.1.2, as applicable, and the related Compliance Certificate, required by Section 10.1.3, by the 45th day (or, if applicable, the 90th day) after any Fiscal Quarter, upon request of the Required Lenders, the Eurodollar Margin shall be 1.50% per annum, the Base Rate Margin shall be 0.00% per annum, the Non-Use Fee Rate shall be 0.30% per annum, and the LC Fee Rate shall be 1.50% per annum until such financial statements and Compliance Certificate are delivered. Notwithstanding the foregoing, no reduction to the foregoing interest rate margins or fee rates shall become effective at any time when an Event of Default or Unmatured Event of Default has occurred and is continuing.

Notwithstanding the foregoing, if the Eurodollar Margin, the Base Rate Margin, the Non-Use Fee Rate or the LC Fee Rate has been determined on the basis of any Compliance Certificate delivered by the Company which contained any incorrect or inaccurate financial data is less than the Eurodollar Margin, the Base Rate Margin, the Non-Use Fee Rate or the LC Fee Rate which would have been determined had such Compliance Certificate been based on financial data which was correct and accurate, then the Eurodollar Margin, the Base Rate Margin, the Non-Use Fee Rate and the LC Fee Rate at the appropriate higher rate shall be recalculated retroactively for all affected periods and (to the extent not therefore paid) the Company hereby agrees to pay all accrued interest as so recalculated on demand.

SCHEDULE 2.1

BANKS AND PRO RATASHARES

Bank	Pro Rata Share of Revolving Commitment Amount	Pro Rata Share
Bank of America, N.A.	\$30,000,000	60%
JPMorgan Chase Bank, N.A.	\$20,000,000	40%
TOTALS	\$50,000,000	100%

SCHEDULE 9.6

LITIGATION AND CONTINGENT LIABILITIES

DuPont Air Products NanoMaterials, LLC v. Cabot Microelectronics Corporation (CV06-2952-PHX-ROS). Following Cabot Microelectronics' refusal to grant a patent license to DuPont Air Products NanoMaterials LLC (DA Nano), in December, 2006, DA Nano filed a complaint in the United States District Court for the District of Arizona seeking declaratory relief and alleging non-infringement, invalidity and/or unenforceability of U.S. Patent Nos. 5,958,288; 5,980,775; 6,068,787 and 4,954,142. In the same action, the Company filed a complaint charging that DA Nano and its toll manufacturers Precision Colloids, LLC and Virkler Corporation are infringing the named four patents and also a fifth U.S. patent, No. 5,527,423. The affected DA Nano products include those used for tungsten CMP. DA Nano's complaint does not allege any infringement by Cabot Microelectronics' products of intellectual property owned by DA Nano. We believe that our claims and defenses in the pending action are meritorious, and currently we do not believe that this action is likely to have a material impact on our consolidated financial position, results of operations or cash flows.

Cabot Microelectronics Corporation v. Cheil Industries, Inc. (Republic of Korea) (2007 Kahap 66557 and 2008 Heo 10856). Cabot Microelectronics is involved in patent enforcement litigation against Cheil Industries, Inc. with respect to Cheil's infringement of Cabot Microelectronics' intellectual property related to its international family of patents related to U.S. Patent No. 5,958,288. The Company believes its claims and defenses in the pending actions are meritorious, and currently does not believe that the actions are likely to have a material impact on its consolidated financial position, results of operations or cash flows.

Jean Pol Delrue v. Cabot Microelectronics Corporation (RG n° F 08/00884), Labor Court of Versailles, France. In September, 2008, a former employee of Cabot Microelectronics Corporation's French Branch Office, Mr. Jean Pol Delrue, filed a wrongful termination claim against Cabot Microelectronics with a French labor court. Cabot Microelectronics believes the claim is without merit. The Company does not consider the action to be material, and the parties are currently in discussions to resolve the matter.

SCHEDULE 9.14

SUBSIDIARIES

Cabot Microelectronics Global Corporation – 100% owned by Cabot Microelectronics Corporation

Nihon Cabot Microelectronics KK – 100% owned by Cabot Microelectronics Global Corporation

Cabot Microelectronics Japan KK – 100% owned by Cabot Microelectronics Global Corporation

Cabot Microelectronics Singapore Pte. Ltd. – 100% owned by Cabot Microelectronics Global Corporation

Cabot Microelectronics Polishing Corporation – 100% owned by Cabot Microelectronics Corporation

QED Technologies International, Inc. – 100% owned by Cabot Microelectronics Corporation

SCHEDULE 10.19**INVESTMENTS**

As of September 30, 2008:

Aston Funds - ABN AMRO Institutional Prime Money Market Fund	\$ 3,999,138.47
Invesco Aim Funds -Tax Free Cash Reserve Portfolio	\$ 41,085,127.84
First American Funds - Tax Free Obligations Fund	\$ 45,530,058.35
JP Morgan Funds - Tax Free Money Market Fund - Institutional	\$ 53,555,581.38
Federated Funds - U.S. Treasury Cash Reserves Fund	\$ 32,259,508.24
Dreyfus Funds -Tax-Exempt Cash Management	\$ 11,677,184.91
Auction Rate Securities	\$ 8,400,000.00
Bank of America, N.A. - Automatic Investment Service Sweep Repurchase Agreements	\$ 877,125.71
National Westminster Bank, UK - USD	\$ 604,664.17
National Westminster Bank, UK - EUR	\$ 239,934.05
National Westminster Bank, UK - GBP	\$ 30,528.87
ABN AMRO Bank, France - EUR	\$ 15,189.89
Bank of Tokyo-Mitsubishi, Japan - USD	\$ 834,154.59
Bank of Tokyo-Mitsubishi, Japan - JPY	\$ 14,072,001.07
Hyakugo Bank, Mie, Japan - JPY	\$ 4,394.01
ABN AMRO Bank, Taiwan - USD	\$ 13,443,290.26
ABN AMRO Bank, Taiwan - TWD	\$ 191,317.98
International Commercial Bank of China, Taiwan - TWD	\$ 230,777.70
ABN AMRO Bank, Singapore - USD	\$ 4,321,793.42
ABN AMRO Bank, Singapore - SGD	\$ 41,462.92
China Construction Bank, China - RMB	\$ 54,252.46
Kookmin Bank, Korea - KRW	\$ 6,102.16
Total in United States Dollars	\$ 231,473,588.45

SCHEDULE 14.3

ADDRESSES FOR NOTICES

COMPANY:

Cabot Microelectronics Corporation
870 North Commons Drive
Aurora, Illinois 60504
Attention: William S. Johnson, Chief Financial Officer
Telephone: (630) 375-5591
Facsimile: (630) 499-2638

with a copy to:

Cabot Microelectronics Corporation
870 North Commons Drive
Aurora, Illinois 60504
Attention: Carol Bernstein, General Counsel
Telephone: (630) 375-5461
Facsimile: (630) 499-2644

ADMINISTRATIVE AGENT:

Notices of Borrowing, Payment, Conversion, Continuation, and Continuation:

Bank of America, N.A.
1 Federal Street, Floor 6
Mail Code: MA5-503-06-04
Boston, Massachusetts 02110
Attention: Jesse M. Philips
Telephone: (617) 434-3571
Facsimile: (617) 310-2293

Wire Instructions:

Bank of America, N.A.
New York, NY
ABA #026009593
MA wire clearing account
Reference: Cabot Microelectronics
Attention: Jesse M. Philips

Other Notices as Administrative Agent:

Bank of America, N.A.
Agency Management
Global Product Solutions
Mail Code: WA1-501-17-32
800 Fifth Avenue, Floor 17
Seattle, Washington 98104
Attention: Tiffany Shin, Assistant Vice President
Telephone: (206) 358-0078
Facsimile: (415) 343-0561
Electronic Mail: tiffany.shin@bankofamerica.com

ISSUING BANK:

Standby Letters of Credit:

Bank of America, N.A.
Trade Operations – Los Angeles #22621
1000 W. Temple Street, 7th Floor
Mail Code: CA9-705-07-05
Los Angeles, California 90012-1514
Attention: Tai Anh Lu, Officer
Telephone: (213) 481-7840
Facsimile: (213) 457-8841
Electronic Mail: tai_anh.lu@bankofamerica.com

Commercial Letters of Credit:

Bank of America, N.A.
Trade Operations – Los Angeles #22621
1000 W. Temple Street, 7th Floor
Mail Code: CA9-705-07-05
Los Angeles, California 90012-1514
Attention: Frantz Bellevue, Vice President
Telephone: (213) 580-8476
Facsimile: (213) 457-8841
Electronic Mail: frantz.bellevue@bankofamerica.com

SWING LINE BANK:

Bank of America, N.A.
1 Federal Street, Floor 6
Mail Code: MA5-503-06-04
Boston, Massachusetts 02110
Attention: Jesse M. Philips
Telephone: (617) 434-3571
Facsimile: (617) 310-2293

Wire Instructions:

Bank of America, N.A.
New York, NY
ABA #026009593
MA wire clearing account
Reference: Cabot Microelectronics
Attention: Jesse M. Philips

BANKS:

Bank of America, N.A.:

Bank of America, N.A.
Mail Code: IL4-135-07-60
135 South LaSalle Street
Chicago, Illinois 60603
Attention: Anne Eharoshe, Vice President
Telephone: (312) 904-4623
Facsimile: (312) 904-6547

JPMorgan Chase Bank, N.A.:

JPMorgan Chase Bank, N.A.
Mailcode: IL1-1742
10 S. Dearborn Street, 34th Floor
Chicago, IL 60603
Attention: Carlos R. Cardenas, CPA, Senior Vice President
Telephone: (312) 732-7155
Facsimile: (312) 732-7219

EXHIBIT A-1

FORM OF REVOLVING NOTE

Please See Attached.

REVOLVING NOTE

_____, 20__

Chicago, Illinois \$ _____

FOR VALUE RECEIVED, the undersigned, CABOT MICROELECTRONICS CORPORATION, a Delaware corporation (the "Maker"), promises to pay to the order of _____ (the "Bank") at the principal office of Bank of America, N.A., successor by merger to LaSalle Bank National Association (the "Administrative Agent") in Chicago, Illinois the aggregate unpaid amount of all Revolving Loans made to the undersigned by the Bank pursuant to the Credit Agreement referred to below (as shown on the schedule attached hereto (and any continuation thereof) or in the records of the Bank), such principal amount to be payable on the dates set forth in the Credit Agreement.

The Maker further promises to pay interest on the unpaid principal amount of each Revolving Loan from the date such Revolving Loan is made until the date such Revolving Loan is paid in full, payable at the rate(s) and at the time(s) set forth in the Credit Agreement. Payments of both principal and interest are to be made in lawful money of the United States of America.

This Note evidences indebtedness incurred under, and is subject to the terms and provisions of, the Amended and Restated Credit Agreement dated as of November 24, 2003 (the "Original Credit Agreement") among Maker, the financial institutions from time to time parties thereto (including the Bank), as Banks thereunder, the Administrative Agent, the Issuing Bank party thereto, the Swing Line Bank party thereto, and National City Bank of Michigan/Illinois, a national banking association, as original Syndication Agent, as amended by the First Amendment to Amended and Restated Credit Agreement dated as of October 30, 2008 (the "First Amendment") among Maker, the Banks, the Administrative Agent, the Issuing Bank, the Swing Line Bank, and JPMorgan Chase Bank, N.A., in its capacity as the successor Syndication Agent thereunder (the Original Credit Agreement, as amended by the First Amendment, and as the same hereafter may be amended, modified, supplemented and/or restated from time to time, is referred to herein as the "Credit Agreement"), to which Credit Agreement reference is hereby made for a statement of the terms and provisions under which this Note may or must be paid prior to its due date or its due date accelerated. Capitalized terms used but not elsewhere defined in this Note shall have the respective meanings ascribed to such terms in the Credit Agreement.

This Note is made under and governed by the laws of the State of Illinois applicable to contracts made and to be performed entirely within such State.

CABOT MICROELECTRONICS CORPORATION

By: _____
Name: _____
Title: _____

Schedule attached to Revolving Note dated _____, 20__ of CABOT
MICROELECTRONICS CORPORATION payable to the order of _____

Date and Amount of Loan or of Conversion from another type of Loan	Date and Amount of Repayment or of Conversion into another type of Loan	Interest Period/Unpaid Maturity Date	Principal Balance	Notation Made by
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1. BASE RATE LOANS

2. EURODOLLAR LOANS

EXHIBIT A-2

FORM OF SWING LINE NOTE

Please See Attached.

SWING LINE NOTE

October 30, 2008

Chicago, Illinois \$5,000,000.00

FOR VALUE RECEIVED, the undersigned, **CABOT MICROELECTRONICS CORPORATION**, a Delaware corporation (the "Maker"), promises to pay to the order of Bank of America, N.A. (the "Bank"), at the principal office of Bank of America, N.A., as successor by merger to LaSalle Bank National Association (the "Administrative Agent"), in Chicago, Illinois, the aggregate unpaid amount of all Swing Line Loans made to the undersigned by the Bank pursuant to the Credit Agreement referred to below (as shown on the schedule attached hereto (and any continuation thereof) or in the records of the Bank), such principal amount to be payable on the dates set forth in the Credit Agreement.

The Maker further promises to pay interest on the unpaid principal amount of each Swing Line Loan from the date such Swing Line Loan is made until the date such Swing Line Loan is paid in full, payable at the rate(s) and at the time(s) set forth in the Credit Agreement. Payments of both principal and interest are to be made in lawful money of the United States of America.

This Note evidences indebtedness incurred under, and is subject to the terms and provisions of, the Amended and Restated Credit Agreement dated as of November 24, 2003 (the "Original Credit Agreement") among Maker, the financial institutions from time to time parties thereto (including the Bank), as Banks thereunder, the Administrative Agent, the Issuing Bank party thereto, the Swing Line Bank party thereto, and National City Bank of Michigan/Illinois, a national banking association, as the original Syndication Agent, as amended by the First Amendment to Amended and Restated Credit Agreement of even date herewith (the "First Amendment") among Maker, the Banks, the Administrative Agent, the Issuing Bank, the Swing Line Bank, and JPMorgan Chase Bank, N.A., in its capacity as the successor to National City Bank of Michigan/Illinois as the Syndication Agent thereunder (the Original Credit Agreement, as amended by the First Amendment, and as the same hereafter may be amended, modified, supplemented and/or restated from time to time, is referred to herein as the "Credit Agreement"), to which Credit Agreement reference is hereby made for a statement of the terms and provisions under which this Note may or must be paid prior to its due date or its due date accelerated. Capitalized terms used but not elsewhere defined in this Note shall have the respective meanings ascribed to such terms in the Credit Agreement.

This Note is made under and governed by the laws of the State of Illinois applicable to contracts made and to be performed entirely within such State.

This Note is issued pursuant to the First Amendment in substitution for, and replacement of, that certain Swing Line Note dated November 24, 2003 in the original principal amount of Five Million Dollars (\$5,000,000) made by Maker in favor of LaSalle Bank National Association (the "Existing Note") to reflect merger of LaSalle Bank National Association with and into Bank of America, N.A. (with Bank of America, N.A. being the surviving entity). This Note does not constitute a novation of the Debt evidenced by the Existing Note, and is not given by the undersigned or accepted by Bank in satisfaction of the undersigned's obligations under the Existing Note or as a novation with respect thereto.

[remainder of this page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, this Note has been executed and delivered by Maker as of the date first set forth above.

CABOT MICROELECTRONICS CORPORATION

By: _____
Name: _____
Title: _____

Schedule attached to Swing Line Note dated October 30, 2008 of CABOT MICROELECTRONICS CORPORATION payable to the order of Bank of America, N.A.

Date and Amount of Loan or of Conversion from another type of Loan	Date and Amount of Repayment or of Conversion into another type of Loan	Interest Period/Unpaid Maturity Date	Principal Balance	Notation Made by
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1. BASE RATE LOANS

2. EURODOLLAR LOANS

EXHIBIT B

FORM OF COMPLIANCE CERTIFICATE

Please See Attached.

COMPLIANCE CERTIFICATE

To: Bank of America, N.A., as Administrative Agent

Reference is made to the Amended and Restated Credit Agreement dated as of November 24, 2003 (the "Original Credit Agreement") among Cabot Microelectronics Corporation (the "Company"), Bank of America, N.A., as successor by merger to LaSalle Bank National Association, in its capacity as the Administrative Agent, the Issuing Bank, and the Swing Line Bank thereunder, National City Bank of Michigan/Illinois, a national banking association, as the original Syndication Agent thereunder, and the financial institutions from time to time parties thereto, as Banks thereunder, as amended by the First Amendment to Amended and Restated Credit Agreement dated as of October 30, 2008 (the "First Amendment") among the Company, the Banks, the Administrative Agent, the Issuing Bank, the Swing Line Bank, and JPMorgan Chase Bank, N.A., in its capacity as the successor to National City Bank of Michigan/Illinois as the Syndication Agent thereunder (the Original Credit Agreement, as amended by the First Amendment, and as the same has been further amended, modified, supplemented and/or restated through the date hereof, is referred to herein as the "Credit Agreement").

Capitalized terms used but not elsewhere defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement.

I. Reports. Enclosed herewith is a copy of the [annual audited/quarterly report] of the Company as at, _____, 20__ (the "Computation Date"), which report fairly presents in all material respects the financial condition and results of operations [(subject to the absence of footnotes and to normal year-end adjustments)] of the Company as of the Computation Date and has been prepared in accordance with GAAP consistently applied.

II. Financial Tests. The Company hereby certifies and warrants to you that the following is a true and correct computation as at the Computation Date of the following ratios and/or financial restrictions contained in the Credit Agreement:

A. **Section 10.6.1- Leverage Ratio:**

1. Total Debt
2. Consolidated Net Income (or Loss) (Item A.2(g))
 - (a) consolidated net income (or loss) of the Company and its Subsidiaries
 - (b) non-cash losses from sales, exchanges and other dispositions of assets
 - (c) other extraordinary non-cash losses not in the ordinary course of business
 - (d) gains from sales, exchanges and other dispositions of assets
 - (e) other gains
 - (f) gains from discontinued operations
 - (g) sum of items A.2(a) + A.2(b) + A.2(c) minus sum of items A.2(d) + A.2(e) + A.2(f)
3. EBITDA (Item A.3(f))
 - (a) Consolidated Net Income (Item A.2(g))
 - (b) Interest Expense
 - (c) income tax expense
 - (d) depreciation
 - (e) amortization
 - (f) sum of items A.3 (a) + A.3 (b) + A.3 (c) + A.3 (d) + A.3 (e)

4. Cash and Cash Equivalent Investments
5. Item A. 1 minus item A.4
6. Leverage Ratio (ratio of item A.5 to item A.3(f))
(not to exceed 2.25:1.00)

B. Section 10.6.2 - Interest Coverage Ratio:

1. EBIT (Item A.3(f) above minus items A.3(d) and A.3(e) above)
2. Interest Expense (Item A.3 (b) above)
3. Interest Coverage Ratio (ratio of item B. 1
to item B.2) (not to be less than 3.50:1.00)

The Company further certifies to you that no Event of Default or Unmatured Event of Default has occurred and is continuing [.]], **except: describe the nature of each Event of Default or Unmatured Event of Default, the period of existence thereof and the action taken or proposed to be taken with respect thereto.**

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed and delivered by its duly authorized officer on _____, 20__.

CABOT MICROELECTRONICS CORPORATION

By: _____
Name: _____
Title: _____

EXHIBIT C
FORM OF GUARANTY

Please See Attached.

GUARANTY

This **GUARANTY** (this “Guaranty”), dated as of October 30, 2008, is made by and among each Subsidiary (as hereinafter defined) of Cabot Microelectronics Corporation, a Delaware corporation (the “Company”) from time to time a party hereto (each, a “Guarantor” and collectively, “Guarantors”), in favor of Bank of America, N.A. (in its individual capacity, “Bank of America”), as administrative agent for the Banks that are or may from time to time become parties to the Credit Agreement described below.

RECITALS:

A. Reference is made to the Amended and Restated Credit Agreement dated as of November 24, 2003 (the “Original Credit Agreement”) among the Company, Bank of America, as successor by merger to LaSalle Bank National Association, in its capacity as the Administrative Agent, the Issuing Bank, and the Swing Line Bank thereunder, National City Bank of Michigan/Illinois, a national banking association, as the original Syndication Agent thereunder, and the financial institutions from time to time parties thereto, as Banks thereunder, as amended by the First Amendment to Amended and Restated Credit Agreement of even date herewith (the “First Amendment”) among the Company, the Banks, the Administrative Agent, the Issuing Bank, the Swing Line Bank, and JPMorgan Chase Bank, N.A., in its capacity as the successor to National City Bank of Michigan/Illinois as the Syndication Agent thereunder (the Original Credit Agreement, as amended by the First Amendment, and as the same hereafter may be amended, modified, supplemented and/or restated from time to time, is referred to herein as the “Credit Agreement”), pursuant and subject to the terms and conditions of which, among other things, the Banks, the Issuing Bank, and the Swing Line Bank agreed to make loans and other financial accommodations to the Company.

B. Each Guarantor is a Subsidiary of the Company. Accordingly, each Guarantor has a direct financial interest in inducing the Banks to enter into the Credit Agreement.

C. One of the conditions precedent to the obligation of the Banks to enter into the Credit Agreement is that each Guarantor shall have executed and delivered to the Administrative Agent a counterpart of this Guaranty.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, each Guarantor hereby agrees as follows:

1. Definitions. All capitalized terms used but not elsewhere defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement.

2. Guaranty of Payment. Each Guarantor hereby jointly and severally, unconditionally and irrevocably guarantees to the Administrative Agent, for the benefit of the Banks, the full and complete payment when due, whether at stated maturity or by acceleration or otherwise, of the Debt of the Company arising under the Credit Agreement and the other Loan Documents. Each Guarantor agrees that this Guaranty is a present and continuing guaranty of payment and not of collectibility, and that the Administrative Agent shall not be required to prosecute collection, enforcement or other remedies against the Company, any other Guarantor or any other Person before calling such Guarantor for payment. The obligations of each Guarantor hereunder and under any of the other Loan Documents to which any Guarantor hereinafter are referred to as such Guarantor’s “Obligations.” Notwithstanding any provisions of this Guaranty to the contrary, it is intended that this Guaranty not constitute a “Fraudulent Conveyance” (as defined below). Consequently, each Guarantor agrees that if this Guaranty would, but for the application of this sentence, constitute a Fraudulent Conveyance, this Guaranty shall be valid and enforceable only to the maximum extent that would not cause this Guaranty to constitute a Fraudulent Conveyance, and this Guaranty shall automatically be deemed to have been amended accordingly at all relevant times. For purposes hereof, “Fraudulent Conveyance” means a fraudulent conveyance under Section 548 of the Bankruptcy Code or a fraudulent conveyance or fraudulent transfer under the provisions of any applicable fraudulent conveyance or fraudulent transfer law, order, ruling, decision or similar law, order, ruling or decision binding upon any Guarantor of any foreign, federal, state, municipal or other government, or any department, commission, board, bureau, agency, public authority or instrumentality thereof or any court or arbitrator (each, a “Governmental Body”), as in effect from time to time.

3. **Continuing Guaranty.** Each Guarantor agrees such Guarantor's Obligations shall be primary obligations of such Guarantor, shall not be subject to any counterclaim, set-off, abatement, deferment or defense based upon any claim that such Guarantor may have against the Administrative Agent, any Bank, the Company, any other Guarantor or any other Person, and shall remain in full force and effect without regard to, and shall not be released, discharged, limited or affected in any way by any circumstance or condition (whether or not such Guarantor shall have any knowledge thereof), including, without limitation:

- (a) any lack of validity or enforceability of the Credit Agreement or any of the other Loan Documents;
- (b) any termination, restatement, amendment, modification or other change in the Credit Agreement or any of the other Loan Documents;
- (c) any furnishing, exchange, substitution or release of any collateral, if any, or any failure to perfect any lien in any collateral, if any, given to secure the Debt of the Company arising under the Credit Agreement and the other Loan Documents;
- (d) any failure, omission or delay on the part of the Company, the Administrative Agent, any Bank or any other Guarantor to conform or comply with any term of the Credit Agreement or any of the other Loan Documents or any failure of the Administrative Agent or any Bank to give notice of any Event of Default or any Unmatured Event of Default;
- (e) any waiver, compromise, release, settlement or extension of time of payment or performance or observance of any of the obligations or agreements contained in the Credit Agreement or any of the other Loan Documents;
- (f) any action or inaction by the Administrative Agent or any Bank under or in respect of the Credit Agreement or any of the other Loan Documents, any failure, lack of diligence, omission or delay on the part of the Administrative Agent or any Bank to enforce, assert or exercise any right, power or remedy conferred on the Administrative Agent or any Bank in the Credit Agreement or any of the other Loan Documents, or any other action or inaction on the part of the Administrative Agent or any Bank;
- (g) any voluntary or involuntary bankruptcy, insolvency, reorganization, arrangement, readjustment, assignment for the benefit of creditors, composition, receivership, liquidation, marshalling of assets and liabilities or similar events or proceedings with respect to any Guarantor, the Company or any other Person or any of their respective properties or creditors, or any action taken by any trustee or receiver or by any court in any such proceeding;
- (h) any merger or consolidation of the Company, any Guarantor or any other Person into or with any Person, or any sale, lease or transfer of any of the assets of the Company, any Guarantor or any other person to any other Person;
- (i) any change in the ownership of any of the capital stock of or other equity interests in the Company or any Guarantor or any change in the relationship between any Guarantor and the Company or any other Guarantor, or any termination of any such relationship;
- (j) any release or discharge by operation of law of any Guarantor or of the Company from any obligation or agreement contained in the Credit Agreement or any of the other Loan Documents;
- (k) any other occurrence, circumstance, happening or event, whether similar or dissimilar to the foregoing and whether foreseen or unforeseen, which otherwise might constitute a legal or equitable defense or discharge of the liabilities of a guarantor or surety or which otherwise might limit recourse against any Guarantor or the Company;
- (l) any election by the Administrative Agent or any Bank in any proceeding instituted under Chapter 11 of the Bankruptcy Code;
- (m) any borrowing or grant of a security interest by the Company, any Guarantor or any other Person, as debtor-in-possession, or extension of credit, under the Bankruptcy Code;
- (n) the disallowance, under the Bankruptcy Code, of all or any portion of Banks' claim(s) for repayment of the Debt of the Company arising under the Credit Agreement and the other Loan Documents or of such Guarantor's Obligations;
- (o) any use of cash collateral under the Bankruptcy Code, and
- (p) any agreement or stipulation as to the provision of adequate protection in any bankruptcy proceeding.

4. **Waivers.** Each Guarantor unconditionally waives, to the extent permitted by law, (i) notice of any of the matters referred to in **Section 3** above, (ii) all notices which may be required by statute, rule of law or otherwise, now or hereafter in effect, to preserve intact any rights against such Guarantor, including, without limitation, any demand, presentment and protest, proof of notice of non-payment under any of the Loan Documents and notice of any Unmatured Event of Default, any Event of Default or any failure on the part of any Guarantor or the Company to perform or comply with any covenant, agreement, term or condition of the Credit Agreement or any of the other Loan Documents, (iii) any right to the enforcement, assertion or exercise against any Guarantor or the Company of any right or remedy conferred under the Credit Agreement or any of the other Loan Documents, (iv) any requirement of diligence on the part of any Person, (v) any requirement to exhaust any remedies or to mitigate the damages resulting from any default under the Credit Agreement or any of the other Loan Documents, and (vi) any notice of any sale, transfer or other disposition of any right, title or interest of the Administrative Agent or any Bank under the Credit Agreement or any of the other Loan Documents.

5. **Subordination.** Each Guarantor agrees that any and all present and future debts and obligations of the Company or any other Guarantor to such Guarantor hereby are subordinated to the claims of the Administrative Agent and the Banks and hereby are assigned by such Guarantor to the Administrative Agent, as security for the payment and performance of the Debt of the Company arising under the Credit Agreement and the other Loan Documents.

6. **Reinstatement.** The obligations of each Guarantor pursuant to this Guaranty shall continue to be effective or automatically be reinstated, as the case may be, if at any time payment of any of the Debt of the Company arising under the Credit Agreement and the other Loan Documents is rescinded or otherwise must be restored or returned by Bank upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Guarantor or the Company or for any other reason, all as though such payment had not been made.

7. **Representations and Warranties.** Each Guarantor represents and warrants to the Administrative Agent and the Banks that (i) it is fully informed as to the nature and extent of the transactions contemplated by the Credit Agreement and the other Loan Documents, (ii) it has received a copy of the Credit Agreement and the other Loan Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own decision and analysis to enter into this Guaranty and (iii) the representations and warranties made by the Company in the Credit Agreement with respect to such Guarantor are true and correct in all material respects.

8. **Covenants.** Until all Debt of the Company arising under the Credit Agreement and the other Loan Documents and all of each Guarantor's Obligations are paid and performed in full, and the Commitments have been terminated, each Guarantor agrees that it will observe, perform and comply with all covenants contained in **Section 10** of the Credit Agreement with which the Company has agreed to cause such Guarantor to observe, perform or comply.

9. **Remedies on Default.** If any Event of Default occurs and is continuing, (i) each Guarantor shall pay such Guarantor's Obligations in full, immediately upon demand and (ii) the Administrative Agent, on behalf of the Banks, at its option, may enforce its rights and remedies under this Guaranty in accordance with its terms and enforce any other rights or remedies accorded to the Administrative Agent or Banks at equity or law, by virtue of statute or otherwise. Each Guarantor agrees that the Administrative Agent and each Bank have all rights of set-off and bankers' lien provided by applicable law, and in addition thereto, each Guarantor agrees that at any time any Event of Default occurs and is continuing, the Administrative Agent and each Bank may apply to the payment of any obligations of such Guarantor hereunder, whether or not then due, any and all balances, credits, deposits, accounts or moneys of such Guarantor then or thereafter with the Administrative Agent or such Bank.

10. **Successors and Assigns.** This Guaranty shall inure to the benefit of the Administrative Agent and the Banks and their respective successors and assigns. This Guaranty shall be binding on each Guarantor and its successors and assigns, and shall continue in full force and effect until all Debt of the Company arising under the Credit Agreement and the other Loan Documents and each Guarantor's Obligations are paid and performed in full and the Commitments shall have been terminated. Notwithstanding the foregoing, no Guarantor may assign all or any of its obligations hereunder.

11. **No Waiver of Rights.** Neither any delay in exercising, nor any failure on the part of the Administrative Agent to exercise any right, power or privilege under this Guaranty, the Credit Agreement or any of the other Loan Documents shall operate as a waiver thereof, and no single or partial exercise of any right, power or privilege shall preclude any other or further exercise thereof or the exercise of any other power or right, or be deemed to establish a custom or course of dealing or performance among the parties hereto. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law. No notice to or demand on any Guarantor in any case shall entitle such Guarantor to any other or further notice or demand in the same, similar or any other circumstance.

12. **Modification.** The terms of this Guaranty may be waived, discharged or terminated only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought. No amendment, modification, waiver or other change of any of the terms of this Guaranty shall be effective without the prior written consent of the Administrative Agent.

13. **Costs and Expenses.** Each Guarantor agrees to pay on demand all documented costs and expenses incurred by or on behalf of the Administrative Agent (including, without limitation, reasonable attorneys' fees and expenses) in enforcing such Guarantor's Obligations.

14. **Governing Law.** This Guaranty shall be a contract made under and governed by the internal laws of the State of Illinois applicable to contracts made and to be performed entirely within such State.

15. **Forum Selection and Consent to Jurisdiction.** ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS GUARANTY, THE AMENDED AND RESTATED CREDIT AGREEMENT OR ANY OTHER LOAN DOCUMENT, SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF ILLINOIS OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS; PROVIDED THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY PROPERTY MAY BE BROUGHT, AT THE ADMINISTRATIVE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH PROPERTY MAY BE FOUND. EACH GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF ILLINOIS AND OF THE UNITED STATES

DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. EACH GUARANTOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF ILLINOIS. EACH GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

16. Waiver of Jury Trial. EACH GUARANTOR AND ADMINISTRATIVE AGENT, FOR ITSELF AND ON BEHALF OF EACH BANK, HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS GUARANTY, THE AMENDED AND RESTATED CREDIT AGREEMENT, ANY NOTE, ANY OTHER LOAN DOCUMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

17. No Joinder. Each Guarantor agrees that any action to enforce this Guaranty may be brought against such Guarantor without any reimbursement or joinder of the Company in such action.

18. Severability. In the event that any provision of this Guaranty is deemed to be invalid by reason of the operation of any law, or by reason of the interpretation placed thereon by any court or any Governmental Body, as applicable, the validity, legality and enforceability of the remaining terms and provisions of this Guaranty shall not in any way be affected or impaired thereby, all of which shall remain in full force and effect, and the affected term or provision shall be modified to the minimum extent permitted by law so as to achieve most fully the intention of this Guaranty.

19. Counterparts. This Guaranty may be executed in one or more counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed signature page of this Guaranty by facsimile transmission or in a pdf or similar electronic file shall be effective as delivery of a manually executed counterpart hereof.

20. Subordination of Subrogation Rights. Each Guarantor unconditionally and irrevocably (i) subordinates all rights it may have to be subrogated to the rights of the Administrative Agent and the Banks as a result of any claim or payment made on or in respect of this Guaranty to the prior payment in full of the Debt of the Company arising under the Credit Agreement and the other Loan Documents and (ii) waives any defense based upon an election of remedies by the Administrative Agent and the Banks which destroys or otherwise impairs any subrogation rights of such Guarantor and/or the right of such Guarantor to proceed against the Company for reimbursement.

[remainder of this page intentionally left blank]

The undersigned, a Subsidiary of Cabot Microelectronics Corporation, a Delaware corporation (the "Company"), in witness of and intending to be bound by the foregoing Guaranty (the "Guaranty") made by various Subsidiaries of the Company in favor of Bank of America, N.A., in its capacity as administrative agent (the "Administrative Agent") for the financial institutions (the "Banks") that are or may from time to time become parties to the Credit Agreement described in such Guaranty, for the benefit of the Banks, hereby joins with and into the Guaranty and executes and delivers to the Administrative Agent this counterpart signature page to the Guaranty.

By: _____
Name: _____
Title: _____

EXHIBIT D

FORM OF JOINDER AGREEMENT

Please See Attached.

JOINDER AGREEMENT

This **JOINDER AGREEMENT** (this "Agreement"), dated as of _____, ____, is between [**New Banks**] (each, a "New Bank" and collectively the "New Banks"), Cabot Microelectronics Corporation, a Delaware corporation (the "Company"), and Bank of America, N.A. (in its individual capacity, "Bank of America"), as administrative agent for the Banks that are or may from time to time become parties to the Credit Agreement referred to below.

RECITALS:

A. Reference is made to the Amended and Restated Credit Agreement dated as of November 24, 2003 (the "Original Credit Agreement") among the Company, Bank of America, as successor by merger to LaSalle Bank National Association, in its capacity as the Administrative Agent, the Issuing Bank, and the Swing Line Bank thereunder, National City Bank of Michigan/Illinois, a national banking association, as the original Syndication Agent thereunder, and the financial institutions from time to time parties thereto, as Banks thereunder, as amended by the First Amendment to Amended and Restated Credit Agreement dated as of October 30, 2008 (the "First Amendment") among the Company, the Banks, the Administrative Agent, the Issuing Bank, the Swing Line Bank, and JPMorgan Chase Bank, N.A., in its capacity as the successor to National City Bank of Michigan/Illinois as the Syndication Agent thereunder (the Original Credit Agreement, as amended by the First Amendment, and as the same hereafter may be amended, modified, supplemented and/or restated from time to time, is referred to herein as the "Credit Agreement"), pursuant and subject to the terms and conditions of which, among other things, the Banks, the Issuing Bank, and the Swing Line Bank agreed to make loans and other financial accommodations to the Company.

B. Subject to the terms and conditions of the Credit Agreement, the Company may obtain New Revolving Loan Commitments by entering into one or more Joinder Agreements with the New Banks.

NOW, THEREFORE, in consideration of the premises and agreements, provisions and covenants herein contained, the parties hereto agree as follows:

1. Definitions. All capitalized terms used but not elsewhere defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement.

2. New Revolving Loan Commitments. Each New Bank hereto hereby agrees to commit to provide its respective New Revolving Loan Commitment as set forth on Schedule A annexed hereto, on the terms and subject to the conditions set forth in this Agreement. Each New Bank (i) confirms that it has received a copy of the Credit Agreement and the other Loan Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement; (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the Issuing Bank, the Swing Line Bank or any other Bank and based on such documents and information as it shall deem appropriate at the time, make and continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Loan Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (iv) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a New Bank.

3. Up-Front Fees. Upon the execution and delivery of this Agreement by each New Bank, the Company agrees to pay to the Administrative Agent, for the account of such New Bank, the upfront fee required pursuant to Section 5.3 of the Credit Agreement.

[4. Joinder. Each New Bank acknowledges and agrees that upon its execution of this Agreement that such New Bank shall become a "Bank" under, and for all purposes of, the Credit Agreement and the other Loan Documents, and shall be subject to and bound by the terms thereof, and shall perform all the obligations of and shall have all rights of a Bank thereunder.⁴]

5. Credit Agreement Governs. New Revolving Loans shall be subject to the provisions of the Credit Agreement and the other Loan Documents.

6. **Company's Certifications.** By its execution of this Agreement, the Company hereby certifies that (i) the representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects on and as of the date hereof to the same extent as though made on and as of the date hereof, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties were true and correct in all material respects on and as of such earlier date; (ii) no event has occurred and is continuing or would result from the consummation of this Agreement and the making of any New Revolving Loan that would constitute an Unmatured Event of Default or an Event of Default; (iii) the Company has performed in all material respects all agreements and satisfied all conditions which the Credit Agreement provides shall be performed or satisfied by it on or before the date hereof; and (iv) after making any New Revolving Loan on the requested on the date hereof (and after giving effect to the application of the proceeds thereof), the Revolving Outstandings will not exceed the Revolving Loan Commitments.

7. **Company's Covenants.** By its execution of this Agreement, the Company hereby covenants that (i) the Company shall deliver or cause to be delivered the following legal opinions and documents: to include Revolving Note, legal opinion and other documents reasonably requested by the Administrative Agent, together with all other legal opinions and other documents reasonably requested by the Administrative Agent in connection with this Agreement; and (ii) attached hereto is a compliance certificate, in the form required by Section 10.1.3 of the Credit Agreement, containing a computation of each of the financial ratios and restrictions contained in Section 10.6 of the Credit Agreement as of the last day of the Fiscal Quarter immediately prior to the date hereof.

8. **Bank Documents.** By its execution of this Agreement, each New Bank represents and warrants that it has furnished to the Company and the Administrative Agent such forms and documents, if any, appropriately completed and duly executed by such New Bank, as are required under the last paragraph of Section 7.6 of the Credit Agreement.

9. **Notices.** For purposes of the Credit Agreement, the initial notice address of each New Bank shall be as set forth below its signature below.

10. **Recordation of New Revolving Loan Commitments.** Upon the execution and delivery of this Agreement, the Administrative Agent will maintain a record of the New Revolving Loan Commitments made by the New Banks.

11. **Amendment, Modification and Waiver.** This Agreement may not be amended, modified or waived except by an instrument or instruments in writing signed and delivered on behalf of each of the parties hereto.

12. **Entire Agreement.** This Agreement, the Credit Agreement and the other Loan Documents constitute the entire agreement among the parties with respect to the subject matter hereof and thereof and supersede all other prior agreements and understandings, both written and verbal, among the parties or any of them with respect to the subject matter hereof.

13. **Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE.**

14. **Severability.** Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as would be enforceable.

15. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

[remainder of this page left intentionally blank]

¹ Insert this Section 4 if the lending institution is not already a "Bank."

IN WITNESS WHEREOF, each of the undersigned has caused its duly authorized officer to execute and deliver this Agreement as of _____, 200_.

[NAME OF NEW BANK]

By:
Name:
Title:

Notice Address: _____

Attention:
Telephone:
Facsimile:

CABOT MICROELECTRONICS CORPORATION

By:
Name:
Title:

Consented to by:

BANK OF AMERICA, N.A., as the Administrative Agent

By: _____
Name: _____
Title: _____

SCHEDULE A

Name of Bank	Type of Commitment	Amount
[]	New Revolving Loan Commitment	\$
		Total: \$

EXHIBIT F
FORM OF ASSIGNMENT AGREEMENT

Please See Attached.

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (this “Assignment”) is dated as of the Effective Date set forth below and is entered into by and between [Insert name of Assignor] (the “Assignor”) and [Insert name of Assignee] (the “Assignee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the “Credit Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by Agent as contemplated below, (i) all of the Assignor’s rights and obligations as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including, to the extent included in any such facilities, Letters of Credit, and Swing Line Loans) included in such facilities and, (ii) to the extent permitted to be assigned under applicable law, all claims, including, without limitation, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, (the “Assigned Interest”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment, without representation or warranty by the Assignor.

- 1. Assignor: _____
- 2. Assignee: _____ [and is an Affiliate of Assignor]
- 3. Borrower: Cabot Microelectronics Corporation
- 3. Agent: Bank of America, N. A., as the Administrative Agent under the Credit Agreement
- 5. Credit Agreement: The Amended and Restated Credit Agreement dated as of November 24, 2003 among Borrower, the financial institutions from time to time parties thereto, as Banks thereunder, Bank of America, N.A., as successor by merger to LaSalle Bank National Association (the “Administrative Agent”), the Issuing Bank party thereto, the Swing Line Bank party thereto, and National City Bank of Michigan/Illinois, a national banking association, as the original Syndication Agent, as amended by the First Amendment to Amended and Restated Credit Agreement dated as of October 30, 2008 among Borrower, the Banks, the Administrative Agent, the Issuing Bank, the Swing Line Bank, and JPMorgan Chase Bank, N.A., in its capacity as the successor to National City Bank of Michigan/Illinois as the Syndication Agent thereunder.

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans
	\$	\$	%
	\$	\$	%
	\$	\$	%

Effective Date: _____, 20__ . [TO BE INSERTED BY AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment are hereby agreed to:

ASSIGNOR:

[NAME OF ASSIGNOR]

By: _____
 Name: _____
 Title: _____

ASSIGNEE:

[NAME OF ASSIGNEE]

By: _____
Name: _____
Title: _____

[Consented to and] Accepted:

Bank of America, N.A., as Administrative Agent

By: _____
Name: _____
Title: _____

[Consented to:]

Cabot Microelectronics Corporation

By: _____
Name: _____
Title: _____

ANNEX 1 TO ASSIGNMENT AND ASSUMPTION AGREEMENT

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION AGREEMENT

1. Representations and Warranties.

1.1. Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents, or any collateral thereunder, (iii) the financial condition of Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, and (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on Agent or any other Lender; and (b) agrees that (i) it will, independently and without reliance on Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

1.3. Assignee's Address for Notices, etc. Attached hereto as Schedule 1 is all contact information, address, account and other administrative information relating to the Assignee.

2. Payments. From and after the Effective Date, Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to or on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions. This Assignment shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment. This Assignment shall be governed by, and construed in accordance with, the internal laws of the State of Illinois applicable to contracts made and to be performed entirely within such State.

**SCHEDULE 1 TO ASSIGNMENT AND ASSUMPTION AGREEMENT
ADMINISTRATIVE DETAILS**

(Assignee to list names of credit contacts, addresses, phone and facsimile numbers, electronic mail addresses and account and payment information)

Exhibit 31.1

CERTIFICATION

I, William P. Noglows, Chief Executive Officer of Cabot Microelectronics Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cabot Microelectronics Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2009

/s/ WILLIAM P. NOGLOWS
William P. Noglows
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, William S. Johnson, Chief Financial Officer of Cabot Microelectronics Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cabot Microelectronics Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2009

/s/ WILLIAM S. JOHNSON

William S. Johnson
Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Cabot Microelectronics Corporation (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2009

/s/ WILLIAM P. NOGLOWS

William P. Noglows
Chief Executive Officer

Date: May 8, 2009

/s/ WILLIAM S. JOHNSON

William S. Johnson
Chief Financial Officer