Good morning. With me today are David Li, President and CEO, and Bill Johnson, Executive Vice President and CFO.

This morning we reported results for our first quarter of fiscal year 2016, which ended December 31, 2015. A copy of our earnings release is available in the investor relations section of our website, cabotcmp.com, or by calling our investor relations office at 630-499-2600. A webcast of today's conference call and the script of this morning's formal comments will also be available on our website.

Please remember that our discussions today may include "forward-looking statements" that involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from these forward-looking statements. These risk factors are discussed in our SEC filings, including our report filed on Form 10-K for the fiscal year ended September 30, 2015. We assume no obligation to update any of this forward-looking information.

Also, our prepared remarks this morning reference non-GAAP financial measures. Our earnings release includes a reconciliation of non-GAAP financial measures.

I will now turn the call over to David.
Thanks, Trisha. Good morning, everyone, and thanks for joining us.

This morning we announced solid financial results for our first quarter of fiscal 2016, within a continued soft semiconductor industry and challenging macro-economic environment, and including a partial quarter impact of our recent acquisition of NexPlanar, which was completed on October 22, 2015. We discussed these conditions last October when we reported results for our previous quarter, and we believe this demand environment was in line with what we were seeing then, as well as recent reports by some of our strategic customers and industry analysts.

During the quarter, we achieved revenue of $100.4 million, a gross profit margin of 50.0 percent of revenue, and diluted earnings per share of 46 cents, all of which include the impact of the NexPlanar acquisition. Excluding acquisition costs and amortization expense related to NexPlanar, our non-GAAP gross profit margin was 51.6 percent of revenue, which is 70 basis points higher than in the same quarter last year, and non-GAAP earnings per share were 56 cents. On this basis, we have now expanded our gross margin year-over-year for five consecutive quarters.

Bill will provide more detail on our financial results later in the call.

To provide some context on our first quarter results, let me first offer some perspectives on the global semiconductor industry environment. Industry reports and comments made recently by some of our strategic customers suggest that current IC inventories in the foundry and logic segments decreased during the December quarter, and now are at, or slightly below, normal seasonal levels. Conversely, some reports suggest that inventories in the memory segment, particularly in PC DRAM, are in moderate oversupply due to soft end demand.

Industry reports suggest that the strong U.S. dollar and volatile macro-economic conditions may have dampened demand for ICs during the December quarter. Also, due to these same factors, indications are that consumers remained cautious; however, the demand for smartphones in China and other emerging markets showed some signs of recovery during the quarter. Consistent with this, our revenue in China grew by approximately 25 percent compared to the previous quarter.

Looking ahead, the collective view of industry analysts and some of our strategic customers appears to be that softness in semiconductor demand will continue through the March quarter, with demand generally expected to increase during the June quarter. Based on this outlook, we expect strengthening in overall semiconductor industry demand in the second half of our fiscal year. We have successfully navigated through a wide range of industry demand environments in the past, and we are confident that we can continue to manage our business successfully within the current soft demand environment.

Two weeks ago, I attended SEMI's Industry Strategy Symposium in California. This annual event hosted by SEMI early in the calendar year, represents a great opportunity to compare views with other industry participants. The theme of this year's conference was "integrating for growth", with a particular focus on markets and the technology ecosystem. Although there is currently a healthy amount of caution and uncertainty regarding the global economy, the majority of discussion at the conference was focused on a variety of end markets that have the potential to drive increasing semiconductor demand and content over the longer term. For example, smart sensors are expected to enable the Internet of Things, augmented reality and autonomous vehicles. Also, the anticipated exponential growth of data and devices, and the continued expected ramp up and adoption of 3D memory are key focus areas for the industry. In addition, the future of the semiconductor industry in China is of primary interest for all industry players, in light of continued investments by the Chinese government as well as investments into China from Taiwan, Korea and the U.S. As the semiconductor industry addresses the challenges and opportunities of these growth areas, we believe highly engineered materials, like our CMP solutions, will play an increasing role, resulting in additional growth opportunities for our company.

Within that semiconductor industry context, now let me turn to our IC CMP consumables business, starting with our acquisition of NexPlanar, a supplier of advanced CMP pad solutions. Since we completed the acquisition in late October, our first quarter results include a partial quarter benefit of NexPlanar. Our total pad revenue was approximately ten million dollars this quarter, including approximately four million dollars from NexPlanar. As a result, revenue from our CMP pads area grew nearly 20 percent year-over-year.

Our acquisition of NexPlanar represents an important element in the execution of our strategy to continue to strengthen and grow our CMP consumables business, and in particular our CMP pads product area. For a number of years, we have placed a high priority on growing our revenue in the CMP pads area, which is a large and very closely adjacent opportunity to CMP slurries, where we are the leader. Combining our organic and NexPlanar pad technologies enables us to deliver a broad range of CMP solutions to cover the full range of applications and technology nodes, including slurry and pad consumable sets.

During the quarter, we made progress on integrating NexPlanar into our CMP consumables business, and we are pleased with where we stand. In the last several weeks, our Team has visited all of our strategic customers, and customer reactions to the acquisition have been extremely positive. We have created a new, global, Pads team, combining elements from NexPlanar and our organization, and are beginning to see the benefits of leveraging our global infrastructure, research and technical resources, supply chain capabilities and quality systems.

NexPlanar achieved enviable revenue growth over the last several years with a sharp focus on winning business with the industry's technology leaders for advanced CMP applications. We believe that with our global capabilities, we are well equipped to support our customers with these advanced technology applications, as well as offering solutions to the broader semiconductor industry. We think this will speed the introduction and adoption of NexPlanar solutions and provide meaningful profitable growth for our company in the future.

We currently believe we can achieve revenue from our pads product area of around $70 million to $90 million in fiscal 2018. After the first year of integration, we expect synergies of approximately $10 million per year. We look forward to updating you in the future on our progress in CMP pads, as we continue to integrate NexPlanar into our business.

Turning to CMP slurries, during the quarter we made notable progress on the transformation of our dielectrics slurry product area. We continue the broad rollout of our new family of innovative dielectrics slurry products, which we believe provides our customers much higher performance in terms of significantly lower defectivity, at a much lower cost. Our customers are currently ramping applications from opportunities we secured several quarters ago, both replacing our own legacy products, or displacing competitive offerings, and we expect that related demand will gradually increase through the rest of the fiscal year. In addition, customers are evaluating and qualifying these solutions for other applications, and we remain encouraged by the positive customer feedback on performance across a range of technology nodes and on both 200 and 300mm platforms. As a result, during the quarter we secured additional business. We expect this dielectrics transformation will be another driver of profitable growth for our company over the next several years.

Let me now provide a few comments on our capital deployment strategy. Over more than fifteen years as a public company, we have achieved a track record of strong profitability, which combined with low capital intensity in our business, has driven strong cash flow generation. In turn, this has enabled us to invest to increase our capabilities and expand our global footprint, to better serve our customers around the world, while also generating cash well in excess of our operational needs.

We have deployed this cash through a balanced capital allocation strategy. Over the years we have invested around $320 million in organic investments, approximately $230 million in acquisitions, repurchased nearly $350 million of our stock, and also distributed nearly $350 million to our shareholders through a leveraged recapitalization with a special cash dividend.

In further support of this balanced capital deployment strategy, on January 7, we announced that our Board of Directors had authorized the initiation of a regular quarterly cash dividend program, with the declaration of an initial quarterly dividend of 18 cents per share. This represents an annualized amount of approximately $18 million, equivalent to roughly 30 and 20 percent, of our fiscal year 2015 net income and free cash flow, respectively. In addition, our Board increased the authorization of our existing share repurchase program to $150 million, from the approximately $75 million that was available as of December 31. We believe that our initiation of a quarterly dividend, coupled with our expanded share repurchase program, demonstrates our confidence in our future cash generation capabilities, and represents a continuation of our historical commitment to distributing capital to our shareholders. Our priorities for capital deployment are funding organic growth opportunities, dividends, share repurchases, and acquisition opportunities in closely related areas.

We continue to believe that our focused business model, along with our global resources, capabilities and infrastructure, differentiate our company as a leader among suppliers to the semiconductor industry, and position us well for future success. Looking ahead, we will continue to focus on close partnerships with our technology leading customers to deliver innovative solutions to drive continued profitable growth for our company.

And with that, I will turn the call over to Bill for more detail on our financial results.
Thanks, Dave, and good morning everyone.

Revenue for the first quarter of fiscal 2016 was $100.4 million, which represents a 10.3 percent decrease from the same quarter last year. Our first quarter revenue includes a partial quarter benefit of the NexPlanar acquisition, but reflects continued softness in demand within the global semiconductor industry, and competitive dynamics within dielectrics and data storage applications, which we have previously discussed. Foreign exchange rate changes, primarily the weaker Korean won and Japanese yen versus the U.S. dollar, reduced year-over-year revenue by $1.4 million for the quarter.

Drilling down into revenue by product area:

Tungsten slurries contributed 44.2 percent of total quarterly revenue. Revenue was down 1.6 percent from the same quarter a year ago, reflecting overall soft industry conditions, but continued strong demand for our tungsten slurries for advanced applications, including 3D memory and FinFET. These applications require additional CMP steps, in particular tungsten, which we are confident will continue to drive profitable growth for our company; we continue to work closely with our strategic customers to support their transitions to these advanced technologies.

Dielectrics slurries provided 22.9 percent of our revenue this quarter, with overall sales down 18.3 percent from the same quarter a year ago. The revenue decrease primarily reflects the loss of lower performing, legacy dielectrics business that we began to see in the first quarter of fiscal 2015, which we previously have discussed. As Dave mentioned, during the quarter, we saw revenue growth from some of our new higher performing dielectrics slurry products, in conjunction with our transformation of this product area.

Sales of slurries for polishing metals other than tungsten, including copper, aluminum and barrier, represented 16.3 percent of our total revenue, and decreased 17.8 percent from the same quarter last year. We believe this decrease was primarily due to customer efficiencies and repurposing capacity for the next technology node, particularly with respect to our aluminum slurries.

Sales of polishing pads, which includes a partial quarter benefit of our NexPlanar acquisition, represented 10.5 percent of our total revenue for the quarter, and increased 19.9 percent compared to the same quarter last year. As Dave discussed, we expect this acquisition will accelerate growth in our pads product area and contribute to continued future profitable growth for our company.

Finally, revenue from our Engineered Surface Finishes area and data storage products represented 3.9 percent and 2.1 percent of our quarterly revenue, respectively.

Our gross profit this quarter represented 50.0 percent of revenue. This reflects $0.7 million of NexPlanar acquisition-related costs and $0.9 million of amortization expense. Excluding these costs, non-GAAP gross profit was 51.6 percent of revenue, which is 70 basis points higher than the 50.9 percent of revenue we reported in the same quarter a year ago. Other factors impacting gross profit this quarter compared to last year include a higher valued product mix, lower logistics costs and costs related to raw material quality, partially offset by lower sales volume. Our full fiscal year 2016 GAAP gross profit guidance range of 49 to 51 percent of revenue, including NexPlanar, remains unchanged.

Now I'll turn to operating expenses, which include research, development and technical, selling and marketing, and general and administrative costs. Operating expenses this quarter of $35.8 million include $2.1 million of NexPlanar acquisition-related costs and $0.4 million of amortization expense. Operating expenses were $1.4 million higher than the $34.4 million we reported in the same quarter a year ago. This reflects costs related to the acquisition, partially offset by the absence of costs associated with certain executive officer transitions that occurred in the same quarter last year, which we previously discussed, and lower staffing related costs, including incentive compensation. We are lowering our full fiscal year guidance range for operating expenses to $141 million to $145 million, including NexPlanar; this is $2 million lower than our prior guidance range of $143 million to $147 million.

Diluted earnings per share were 46 cents this quarter, or 56 cents on a non-GAAP basis, excluding costs related to the acquisition that I mentioned, compared to the record level of 80 cents reported last year, primarily due to lower revenue.

Our effective tax rate for the first fiscal quarter was 15.5 percent, compared to 12.3 percent last year. Similar to last year, this quarter we saw a specific benefit from the reinstatement of the

U.S. research and development tax credit. We now expect our effective tax rate for full fiscal year 2016 to be within the range of 18 to 21 percent, including NexPlanar; this is lower than our previous estimate of 21 to 24 percent.

Turning now to cash and balance sheet related items, capital investments for the quarter were $5.1 million. For full fiscal year 2016, we continue to expect capital spending to be within the range of $15 million to $20 million, including NexPlanar. Depreciation and amortization expense for the quarter was $6.0 million, including approximately $1.2 million of amortization expense related to NexPlanar. In addition, we purchased $10.0 million of our stock during the quarter under our share repurchase program. We ended the quarter with a cash balance of $218.1 million and have $161.9 million of debt outstanding.

I'll conclude my remarks with a few comments on recent sales and order patterns.

During the first fiscal quarter, we saw a two percent increase in revenue for our CMP consumables products, compared to the fourth quarter of fiscal 2015, primarily due to the partial quarter benefit of our acquisition of NexPlanar. Orders to date in January for our CMP consumables products, including NexPlanar, are trending slightly above the average rate in our first fiscal quarter. Recall that the Lunar New Year, which begins on February 8th, typically introduces some order fluctuation around this holiday period. As Dave discussed, our expectation is for continued soft demand during our second fiscal quarter, based on recent reports by some of our strategic customers and industry analysts. I would caution that we have limited visibility to near term revenue.

Now I'll turn the call back to the operator, as we prepare to take your questions.

That is all the questions we have this morning. Thank you for your time and your interest in Cabot Microelectronics.