

CABOT MICROELECTRONICS CORPORATION
TRADING AND DISCLOSURE POLICY

INSIDER TRADING AND NONDISCLOSURE POLICY
and Guidelines with Respect to
Transactions in Cabot Microelectronics Corporation Securities

This policy provides guidelines to employees, executive officers and directors of Cabot Microelectronics Corporation with respect to transactions in CMC's securities.

Applicability of Policy

This policy applies to all transactions in CMC's securities, including common stock, options for common stock and any other securities CMC may issue from time to time, such as preferred stock, warrants and convertible debentures, transactions related to the CMC Employee Stock Purchase Plan ("ESPP"), as well as to derivative securities relating to CMC's stock, whether or not issued by CMC, such as exchange-traded options. It applies to all executive officers of CMC, all members of CMC's board of directors, and all employees of CMC and its subsidiaries who receive or have access to "Material Nonpublic Information" (as described below) regarding CMC. This group of people, members of their immediate families, and members of their households are sometimes referred to in this policy as "Insiders."

Any person who possesses Material Nonpublic Information regarding CMC is an Insider for so long as the information is not publicly known (i.e., has not been fully disclosed). Any employee can be an Insider from time to time, and would at those times be subject to this policy.

Statement of Policy

General Policy

It is the policy of CMC to oppose the unauthorized disclosure of any nonpublic information acquired in the workplace and the misuse of Material Nonpublic Information in securities trading.

Specific Policies Applicable to All Employees, Executive Officers and Directors

1. Trading and Material Nonpublic Information. No director, officer or employee of CMC, and no member of the immediate family or household of any such person, shall engage in any transaction involving a purchase or sale of CMC's securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she possesses Material Nonpublic Information concerning CMC, and ending following the public disclosure of that information. This restriction applies even though the Insider planned to make the transaction before he or she learned of the Material Nonpublic Information and even though the failure to execute such transaction may result in an economic loss or the non-realization of anticipated profit.

2. **Tipping.** No Insider shall disclose (“tip”) Material Nonpublic Information to any other person (including family members) when such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates, nor shall such Insider or related person make recommendations or express opinions on the basis of Material Nonpublic Information as to trading in CMC’s securities.
3. **Confidentiality of Nonpublic Information.** Nonpublic information relating to CMC is the property of CMC and the unauthorized disclosure of such information is forbidden. A separate policy statement on this topic titled “Cabot Microelectronics Disclosure Policy” is also being distributed to CMC employees. The unauthorized disclosure of such information could occur in a number of ways, including disclosure directly to an individual or entity, or via the internet such as through a “chat room,” whether or not sponsored by CMC.

Definition of Full Disclosure

Nonpublic information is information that has not been previously disclosed to the general public and is otherwise not available to the general public. Full disclosure to the public generally means a press release followed by publication in the print media or the external availability of the press release via the internet by one of the principal wire services. A speech to an audience, a TV or radio appearance, or an article in an obscure magazine does not qualify as full disclosure.

Definition of Material Information

It is not possible to define all categories of material information. However, information should be regarded as material if there is reasonable likelihood that it would be considered important to an investor in making an investment decision regarding the purchase or sale of stock or other securities.

While it may be difficult under this standard to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, always considered material. Examples of such information include:

- Financial results
- Projections of future earnings or losses
- New product announcements of a significant nature
- Significant product defects or modifications
- News of a pending or proposed acquisition or merger
- Impending bankruptcy or financial liquidity problems
- Gain or loss, or change in status, of a significant customer or contract
- Stock splits
- New equity or debt offerings
- Significant exposure due to actual or threatened litigation
- Significant governmental regulatory activities
- Changes in senior management
- Changes in dividend policy
- Significant pricing changes

Either positive or negative information may be material.

Guidelines Applicable to Directors, Executive Officers and Certain Employees

CMC has established a policy which imposes trading “blackouts” and a pre-clearance process that is applicable to all directors and executive officers of CMC, and certain other employees specifically designated by CMC that CMC believes have access to Material Nonpublic Information in the course of their duties. The persons to whom this policy is applicable may be changed by CMC from time to time as circumstances require. A memorandum describing this trading policy will be distributed to these persons.

CMC may also recommend the suspension of trading by other persons or at other times because of developments known to CMC and not yet disclosed to the public. These recommendations will be announced by the Chief Executive Officer or General Counsel. In such event, such persons are advised not to engage in any transaction involving the purchase or sale of CMC’s securities during such period and should not disclose to others the fact of such suspension of trading.

The purpose behind CMC’s self-imposed blackout periods and pre-clearance process is to help establish a diligent effort to avoid any improper transaction. It should be noted, however, that even during an authorized trading window, any person possessing Material Nonpublic Information concerning CMC should not engage in any transactions in CMC’s securities until such information had been announced publicly, whether or not CMC has recommended a suspension of trading to that person. Trading in CMC’s securities during a trading window should not be considered a “safe harbor,” and all directors, executive officers and other persons should use good judgment at all times.

Individual Responsibility of Each Officer, Director and Employee to Comply with Policy

Every officer, director and employee has the individual responsibility to comply with this policy against insider trading and nondisclosure of confidential information, regardless of whether CMC has imposed a trading blackout to that Insider or any other Insiders of CMC. The guidelines set forth in this policy are guidelines only, and appropriate judgment should be exercised in connection with any trade in CMC’s securities.

An Insider may, from time to time, have to forego a proposed transaction in CMC’s securities even if he or she planned to make the transaction before learning of the Material Nonpublic Information and even though the Insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

Any officer, director or employee who knows of any material information concerning CMC that has not been disclosed to the public should report such information promptly to the Chief Executive Officer or the General Counsel of CMC.

Applicability of Policy to Insider Information Regarding Other Companies

This policy and the guidelines described herein also apply to Material Nonpublic Information relating to other companies, including CMC's customers, vendors or suppliers ("Business Partners"), particularly when that information is obtained in the course of employment with, or other services performed on behalf of, CMC. Civil and criminal penalties, and termination of employment may result from trading on inside information regarding CMC's Business Partners. All employees should treat Material Nonpublic Information about CMC's Business Partners with the same care required with respect to information related directly to CMC.

Certain Exceptions

The only exceptions to the policy are as follows:

1. Exercise of a stock option under CMC's Equity Incentive Plan or a purchase of shares under the ESPP (but not an election to participate in, change the amount being contributed to, or discontinue participation in the ESPP). Note that this exception does not include a subsequent sale of the shares acquired pursuant to the exercise of the option under the Equity Incentive Plan or ESPP.
2. *A transaction approved in writing in advance by the Chief Executive Officer or the General Counsel of CMC.*

Potential Criminal and Civil Liability and/or Disciplinary Action

1. Liability for Insider Trading. Insiders may be subject to penalties of up to \$1,000,000 and up to ten years in jail for engaging in transactions in CMC's securities when they have knowledge of nonpublic information regarding CMC.
2. Liability for Tipping. Insiders may also be liable for improper transactions by a person (commonly referred to as "tipee") to whom they have disclosed nonpublic information regarding CMC or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in CMC's securities. The Securities and Exchange Commission (the "SEC") has imposed large penalties even when the disclosing person did not profit financially from the trading. The SEC, the stock exchanges and the National Association of Securities Dealers, Inc. use sophisticated electronic surveillance techniques to uncover insider trading.
3. Possible Disciplinary Actions. Employees of CMC who violate this policy will also be subject to disciplinary action by CMC, which may include ineligibility for future participation in CMC's equity incentive plans or termination of employment.

Inquiries

Please direct your questions as to any of the matters discussed in this policy to the General Counsel, Carol Bernstein at (630) 375-5461.

**TRADING GUIDELINES FOR
DIRECTORS, EXECUTIVE OFFICERS
AND OTHER KEY EMPLOYEES**

Investment by directors, executive officers and other key employees in Cabot Microelectronics Corporation's common stock is permitted by CMC. However, trading in CMC's common stock must be made with caution in light of the legal prohibitions against trading while in possession of material, nonpublic information, also known as "*inside information*." In addition, **directors, executive officers and other key employees may not engage in any transactions or trading in CMC's securities (including options and derivatives), whether purchases, sales, collars/hedges, option exercises, or any other transactions, including sales under the ESPP, and any election to participate in, change the percentage/amount being contributed or discontinue participation in the ESPP, without first pre-clearing the transaction with CMC's General Counsel, Carol Bernstein. Executive officers and directors are not allowed to engage in transactions or trading involving collars, hedges, or any other options or derivative transactions of CMC's securities at any time.**

These trading guidelines have been adopted by CMC's board of directors and apply to (i) our board of directors, (ii) the company's executive officers identified on Attachment 1, (iii) those other key employees or functions also identified on Attachment 1, and (iv) members of the immediate family of the persons specified in clauses (i) through (iii) who share the same household. From time to time, and at the direction of the Chief Executive Officer or General Counsel of CMC, the list of persons or functions covered by these trading guidelines may be modified.

The term "trading" includes not only purchases and sales of CMC common stock, but also warrants, puts, calls and other similar rights. The exercise, as well as the sale, of an employee stock option is subject to this policy, but the acquisition of shares pursuant to our Employee Stock Purchase Plan (ESPP) is not. However, stock that is acquired under the ESPP will be treated like any other shares and may not be sold except in accordance with the requirements of this policy; in addition, this applies to any election to participate in, change the percentage/amount being contributed or discontinue participation in the ESPP.

1. Quarterly Blackout Period. A trading "blackout" will be imposed during each calendar quarter. Trading in CMC's common stock is prohibited during the period beginning on (and including) the 16th day of the last month of each calendar quarter (*i.e.*, March 16, June 16, September 16 and December 16) and ending at the commencement of trading on the second trading day after CMC has publicly announced its quarterly or annual financial results, unless otherwise specified in writing by CMC's General Counsel.

The purpose of the quarterly blackout is to limit trades during this particularly sensitive time as quarterly earnings results are being calculated and announced to the public. CMC currently intends to publicly announce its financial results on the last Thursday of the month following each quarter, though the timing of this announcement may change from quarter to quarter. The term "trading day" means any day on which the Nasdaq is open for business.

2. Additional Blackout Periods. Trading in CMC common stock also may be prohibited during other periods as may be designated and communicated to you from time to time by CMC's Chief Executive Officer or General Counsel. For example, CMC may conclude that it is appropriate to suspend

trading if the company becomes involved in acquisition discussions or is involved in other confidential matters that are material to the company. The duration of these “special” blackout periods and the persons who are subject to them will be dependent upon the circumstances facing CMC at the time.

3. Other Restrictions. The restrictions described above are in addition to the restrictions set forth in CMC’s Insider Trading Policy that is being distributed to all personnel.

4. Section 16 and Rule 144 Compliance. Our directors and executive officers are also subject to Section 16 of the Securities Exchange Act of 1934 and Rule 144 of the Securities Act of 1933. CMC has established a separate program to help ensure compliance with these rules. Please refer to CMC’s Reporting Requirements and Trading Guidelines for Directors and Executive Officers under Section 16 of the Securities Exchange Act and Rule 144 under the Securities Act of 1933, which sets forth various procedures intended to assist you with your Section 16 and Rule 144 obligations.

If you have any questions regarding these guidelines, please contact David Li or Carol Bernstein.

Attachment 1 To Trading Guidelines

1. Board of Directors:

Richard S. Hill	Director
Barbara A. Klein	Director
David H. Li	Director
William P. Noglows	Chairman of the Board
Paul J. Reilly	Director
Susan M. Whitney	Director
Geoffrey Wild	Director

2. Executive Officers:

Scott D. Beamer	Vice President, Chief Financial Officer
H. Carol Bernstein	Vice President, Secretary and General Counsel
Thomas F. Kelly	Vice President and Chief Commercial Officer
David H. Li	President and CEO
Ananth Naman	Vice President, Asia Pacific, and Chief Technology Officer
Lisa A. Polezoes	Vice President, Human Resources
Thomas S. Roman	Principal Accounting Officer and Corporate Controller
Daniel D. Woodland	Vice President and Chief Marketing and Operations Officer

CORPORATE DISCLOSURE POLICY

To assure that all public disclosures of material information regarding Cabot Microelectronics Corporation are effected in a manner that is accurate, consistent, in the best interests of CMC and in compliance with applicable laws, the CMC board of directors has adopted the following policies and procedures:

1. Maintaining Confidentiality. CMC's ability to discharge effectively its disclosure obligations under the federal securities laws can be adversely affected by the premature or otherwise unauthorized disclosure of internal information relating to CMC. Each employee, therefore, must make every effort to maintain the confidentiality of CMC's financial, operating and other internal information. This obligation is consistent with each employee's existing confidentiality obligation to CMC as set forth in the *Cabot Microelectronics Corporation Employee Handbook* or local work rules. These efforts should include securely handling and storing any sensitive documents. Sensitive information shall be made available to employees of CMC only on a need-to-know basis.

2. Designated Communication Officers. CMC has designated the Chief Executive Officer and the Chief Financial Officer (the "Designated Officers") as being responsible for preparing and disseminating all of CMC's informal disclosure in accordance with the procedures set forth herein and the rules and policies of the Nasdaq Stock Market. "Informal" disclosures include dealing with the media, the issuance of press releases (including quarterly earnings releases), communication with the financial community, including financial analysts, etc. In addition, CMC also has more "formal" disclosure obligations with the Securities and Exchange Commission which are satisfied by filing various reports (*i.e.*, Annual Reports on Form 10-K's, Quarterly Reports on Form 10-Q, Proxy Statements, etc.).

Unless prior authorization is received, no other employee will be authorized to speak on behalf of CMC other than the Designated Officers. Any other employee who receives an inquiry from a third party (whether an analyst, a member of the media or otherwise) regarding CMC should promptly refer the inquiry to the Manager of Investor Relations, the General Counsel or one of the Designated Officers. If you receive a request for a speaking engagement, to write an article or to otherwise speak on behalf of or regarding (even in part) CMC, you are required to obtain the prior authorization from the Manager of Investor Relations, the General Counsel or one of the Designated Officers regarding both the appropriateness of the engagement and the content of the presentation.

3. Informal Communications. Information concerning significant corporate developments will be disseminated by press releases to the national and local media. Each press release issued by CMC must identify the Manager of Investor Relations or the Designated Officers as the sole contact persons at CMC, unless the Designated Officers shall otherwise provide. All informal disclosures must be accurate, complete and not misleading.

(a) Initial Review and Procedures. Prior to issuance, all press releases and other public communications shall be reviewed and approved by the Manager of Investor Relations, the General Counsel, and the Designated Officers. The Designated Officers, or the Manager of Investor Relations, the General Counsel, or the Financial Reporting Manager, shall, if required (*i.e.*, material events that are likely to affect the market price of CMC's stock), alert the Nasdaq Stock Market regarding the content of the press release prior to public dissemination to the approved wire services and newspapers. CMC shall not selectively disclose material information to specific groups (*i.e.*, financial analysts) prior to public dissemination.

The Manager of Investor Relations and the Designated Officers also shall be responsible for preparing for meetings with analysts and stockholders, arranging interviews with management and responding to inquiries from the public for additional corporate information.

(b) Ongoing Review. The Manager of Investor Relations and the Designated Officers shall monitor the publication of informal communications to ensure that they are adequately disseminated and accurately reported. In addition, the Manager of Investor Relations, the General Counsel, and the Designated Officers shall review prior disclosures to determine whether any previously disclosed information requires updating or correcting.

4. Communications with Analysts. CMC shall not review or respond to analysts' reports or estimates (other than regarding factual matters) and analysts shall not be notified of material nonpublic information before such information has been made generally available to the public. The Manager of Investor Relations and the Designated Officers shall monitor meetings with analysts to determine whether material nonpublic information is inadvertently disclosed and, if so, shall immediately contact the General Counsel to determine whether public dissemination is required.

5. "No Comment" Policy; Response to Rumors. It is CMC's general policy not to comment on rumors concerning the business and affairs of CMC. Exceptions to the general policy may be made in appropriate circumstances at the direction of CMC's General Counsel.

6. Projections. Projections and other forward-looking statements appearing in press releases or other communications shall be reviewed by the Designated Officers with CMC's General Counsel prior to release. Such projections or forward-looking statements must have a reasonable basis, must be stated as to management's belief and shall seek to comply with federal "safe harbor" rules relating to forward looking statements.