

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

|   |  |  |                             |
|---|--|--|-----------------------------|
| <b>1</b> Issuer's name<br><br><b>Cabot Microelectronics Corporation</b>   |  | <b>2</b> Issuer's employer identification number (EIN)<br><br><b>36-4324765</b>                    |                             |
| <b>3</b> Name of contact for additional information<br><br><b>Colleen Mumford</b>   | <b>4</b> Telephone No. of contact<br><br><b>630-499-2600</b> | <b>5</b> Email address of contact<br><br><b>investor_relations@cabotcmp.com</b>                    |                             |
| <b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact<br><br><b>870 N. Commons Drive</b> |  | <b>7</b> City, town, or post office, state, and ZIP code of contact<br><br><b>Aurora, IL 60504</b> |                             |
| <b>8</b> Date of action<br><br><b>11/15/2018</b>  |  | <b>9</b> Classification and description<br><br><b>Common Stock</b>                                 |                             |
| <b>10</b> CUSIP number<br><br><b>12709P103</b>  | <b>11</b> Serial number(s)                                   | <b>12</b> Ticker symbol<br><br><b>NASDAQ: CCMP</b>   | <b>13</b> Account number(s) |

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **On November 15, 2018, Cabot Microelectronics Corporation ("CMC") completed the acquisition of the shares of KMG Chemicals, Inc. ("KMG") via a reverse merger. As a result of the merger, each outstanding share of KMG common stock, par value \$0.01 per share, was converted into the right to receive, without interest, \$55.65 of cash and 0.2000 share of CMC common stock.**

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **The receipt of cash and shares of CMC common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. Therefore, the basis of each share of CMC common stock in the hands of KMG shareholders who received such stock pursuant to the merger should be equal to the fair market value of CMC common stock, or \$102.27, which was the CMC closing stock price on the date of the merger, November 15, 2018.**

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **Pursuant to the merger, KMG shareholders who surrender 1 share of KMG common stock will in exchange receive \$55.65 cash and 0.2000 shares of CMC common stock. Since the merger is treated as a taxable transaction for U.S. federal income tax purposes, the exchanging shareholder's basis in the property received in a taxable transaction will be equal to the fair market value of such property received, which includes \$102.27 for each share of CMC common stock received.**

**Part II Organizational Action (continued)**

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► IRC Section 1001, 1012.

Blank lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ► **Difference between the value received and the adjusted basis of property surrendered in the exchange as a result of the merger could result in a loss. Such loss may be recognized. Shareholders are urged to consult tax advisors regarding the character of the loss and the timing of recognition of such loss.**

Blank lines for providing information regarding loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► **The tax basis adjustment resulting from the merger is generally effective as of the date of the merger, November 15, 2018. The information contained herein does not constitute tax advice. In addition, these materials do not purport to be complete or to describe the tax consequences that may apply to particular categories of shareholders. Each shareholder is urged to consult tax advisor as to the tax consequences of the transaction under U.S. federal, state and local tax laws as well as the tax laws in foreign jurisdictions, as applicable.**

Blank lines for providing other information necessary to implement the adjustment.

|                               |   |  |      |  |
|-------------------------------|---|--|------|--|
| <b>Sign Here</b>              | Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge. |  |      |  |
|                               | Signature ► <i>H. Carol Bernstein</i>   | Date ► <i>JANUARY 14 2019</i>                      |      |  |
| <b>Paid Preparer Use Only</b> | Print your name ► <i>H. CAROL BERNSTEIN</i>   | Title ► <i>V. P. FINANCIAL SERVICES CONSULTANT</i> |      |  |
|                               | Print/Type preparer's name  | Preparer's signature                               | Date | Check <input type="checkbox"/> if self-employed PTIN |
|                               | Firm's name ►   | Firm's EIN ►                                       |      |  |
|                               | Firm's address ►  | Phone no.  |      |  |