

## **Important U.S. Federal Income Tax Information for Shareholders Concerning the Versum Materials Common Stock Distribution**

Dear Shareholder,

On October 1, 2016 (the “Distribution Date”), Air Products and Chemicals, Inc. (“Air Products”) completed the spin-off of Versum Materials, Inc. (“Versum”) (the “Spin-off”). Each shareholder of Air Products common stock received one (1) share of Versum common stock for each two (2) shares of Air Products common stock (except for fractional shares of Versum common stock).

This letter explains certain U.S. federal income tax consequences of the Spin-off and describes how to allocate your tax basis between your Air Products common stock and the Versum common stock you received in the Spin-off.

The following discussion is not tax advice and is directed only at U.S. holders who held their Air Products stock as a capital asset (generally, property held for investment purposes).

**Tax Treatment of the Spin-off.** On September 30, 2016, Air Products received an opinion from Skadden, Arps, Slate, Meagher & Flom L.L.P. concluding, based on certain representations of Air Products and Versum, that the Spin-off “should” qualify as a reorganization within the meaning of sections 368(a)(1)(D) and 355 of the Internal Revenue Code of 1986, as amended. As a result, you will generally not recognize gain or loss for U.S. federal income tax purposes upon receipt of the Versum common stock in the Spin-off. If, however, you receive cash in lieu of fractional shares, you will recognize gain or loss as described below. For further information on the tax treatment of the Spin-off, please see the discussion under the heading “*U.S. Federal Income Tax Consequences*” in the amended Registration Statement on Form 10 filed by Versum with the Securities and Exchange Commission on 12 September 2016.

**Fractional Shares.** No fractional shares of Versum common stock were distributed in the Spin-off. Instead, you will receive cash in lieu of fractional shares. The taxable gain or loss that you recognize with respect to any cash you receive in lieu of fractional shares is equal to the difference between the amount of cash you receive and your tax basis (determined as described below) in such fractional shares of Versum common stock.

**Tax Basis.** Your tax basis in the Air Products common stock you owned immediately before the Spin-off must be allocated between your Air Products common stock and the shares of Versum common stock you received in the Spin-off (including any fractional share for which you received cash).

This allocation is based on the relative fair market values of your Air Products common stock and your Versum common stock. You should consult your tax advisor to determine the appropriate fair market values. Although U.S. federal income tax laws do not specify how to determine fair market value, one approach is to use the Volume-Weighted Average Price (“VWAP”) of Air Products and Versum on October 3, 2016, the first trading day following the spin-off, as illustrated in the example below.

If you acquired your Air Products common stock at different times and at different prices, you will need to calculate a separate tax basis for each block of Air Products common stock you own and then allocate the basis in each block of stock separately to the Versum common stock you received. Air Products suggests that you retain this letter to support your determination of your basis in your Air Products common stock and your Versum common stock.

**Example:** This example assumes you choose to use the VWAP of Air Products and Versum on October 3, 2016, as the method of determining the fair market values of the Air Products common stock and the Versum common stock. Using this method, after the Spin-off, the fair market value of a share of

Air Products common stock was \$140.38 and the fair market value of a share of Versum common stock was \$26.34. Based on the one (1) to two (2) distribution ratio, this means that you would receive \$13.17 of Versum Common Stock for each share of Air Products common stock you own. Based on these relative fair market values, your basis in your Air Products common stock would be apportioned 91.42% to your Air Products stock and 8.58% to your Versum common stock. (Please see Exhibit 1 for an explanation of how these percentages were calculated.) This calculation may be illustrated as follows:

- Assume you own a single block of 100 shares of Air Products common stock with a tax basis of \$50 per share (and a total tax basis of \$5,000).
- You are entitled to receive 50 shares of Versum common stock in the Spin-off.
- Your total tax basis in your Air Products common stock is allocated \$4,571.00 to the Air Products common stock (91.42% of \$5,000), or \$45.71 per share (i.e., \$4,571.00, divided by 100 shares), and \$429.00 to the Versum common stock (8.58% of \$5,000), or \$8.58 per share (i.e., \$429.00, divided by 50 shares).

	Shares Owned	Assumed Beginning Basis (A)	Percentage of FMV (B)	Allocated Tax Basis = (A) * (B)	Allocated Tax Basis Per Share
Air Products	100	\$5,000.00	91.42%	\$4,571.00	\$45.71
Versum	50		8.58%	\$ 429.00	\$ 8.58
<i>Total</i>			100%	\$5,000.00	

**U.S. Federal Income Tax Reporting Requirements.** Certain shareholders of Air Products (*i.e.*, shareholders who own (i) at least five percent (by vote or value) of the total outstanding stock of Air Products or (ii) securities in Air Products with a basis of \$1,000,000 or more) are required to attach a statement describing the details of the Spin-off to its U.S. federal income tax return for the period that includes the Distribution Date.

**THE INFORMATION SET FORTH ABOVE AND IN THE ATTACHED EXHIBIT IS FOR GENERAL INFORMATION PURPOSES ONLY AND DOES NOT PURPORT TO ADDRESS ALL ASPECTS OF FEDERAL TAXATION THAT MAY BE RELEVANT TO PARTICULAR SHAREHOLDERS. THIS INFORMATION DOES NOT CONSTITUTE TAX ADVICE AND MAY NOT BE APPLICABLE TO SHAREHOLDERS WHO ARE NOT CITIZENS OR RESIDENTS OF THE UNITED STATES, NOR DOES IT ADDRESS TAX CONSEQUENCES WHICH MAY VARY WITH YOUR INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, YOU ARE URGED TO CONSULT YOUR TAX ADVISORS TO DETERMINE THE APPLICATION OF THE INFORMATION SET FORTH ABOVE AND IN THE ATTACHED EXHIBIT TO YOUR INDIVIDUAL CIRCUMSTANCES AND THE PARTICULAR FEDERAL, FOREIGN, STATE AND LOCAL TAX CONSEQUENCES OF THE SPIN-OFF TO YOU.**

**ILLUSTRATIVE CALCULATION OF BASIS ALLOCATION PERCENTAGES**

Air Products Value (a)	\$140.38
Value of Versum stock received for each share of Air Products owned (b)	\$13.17
(a)+ (b) = (c)	\$153.55
Air Products Allocation Percentage (a)/(c)	91.42%
Versum Allocation Percentage (b)/(c)	8.58%