

# SECURITIES AND EXCHANGE COMMISSION

## FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2011-11-07** | Period of Report: **2010-10-14**  
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### REPORTING OWNER

**Butler J Neal**

CIK: **1301583**

Type: **4** | Act: **34** | File No.: **000-29278** | Film No.: **111185492**

Mailing Address

*10611 HARWIN, SUITE 402  
HOUSTON TX 77036*

### ISSUER

**KMG CHEMICALS INC**

CIK: **1028215** | IRS No.: **752640529** | State of Incorporation: **TX** | Fiscal Year End: **0731**

SIC: **2800** Chemicals & allied products

Mailing Address

*9555 W. SAM HOUSTON  
PKWY. S.  
SUITE 600  
HOUSTON TX 77099*

Business Address

*9555 W. SAM HOUSTON  
PKWY. S.  
SUITE 600  
HOUSTON TX 77099  
713-600-3800*

# FORM 4

## UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

### OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

### STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person <b>Butler J Neal</b>			2. Issuer Name and Ticker or Trading Symbol <b>KMG CHEMICALS INC [KMGB]</b>		5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) <b>CEO &amp; President</b>	
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) <b>10/14/2010</b>			6. Individual or Joint/Group Filing (Check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person <input type="checkbox"/> Form Filed by More than One Reporting Person
9555 W. SAM HOUSTON PKWY S., SUITE 600			4. If Amendment, Date Original Filed(Month/Day/Year)			
(Street) <b>HOUSTON 77099</b>						
(City)	(State)	(Zip)				

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)			
Common Stock	10/14/2011		M		8,022	A	\$ 0	43,453	D

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date					
Performance Restricted Stock Agr Ser 1	\$ 0	10/14/2010		M			1	07/31/2011 <sup>(1)</sup>	07/31/2011 <sup>(1)</sup>	Common Stock	8,022	\$ 0	2	D
Performance Based Restricted Stock Agr Ser 2	\$ 0	10/14/2011		M			1	07/31/2011	07/31/2011	Common Stock	0 <sup>(2)</sup>	\$ 0	2	D

**Explanation of Responses:**

1. Vesting of common shares is performance based over a measurement period ending 7-31-2011. Vested shares are awarded, generally, within 2.5 months after 7-31.
2. Vesting of common shares is performance based over a measurement period ending 7-31-2011. No shares vested and award expired.

**Signatures**

J Neal Butler under a power of attorney granted to Roger C Jackson

\*\* Signature of Reporting Person

11/07/2011

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.**

## Power of Attorney

Know all by these presents, that the undersigned hereby constitutes and appoints Roger Jackson, General Counsel of KMG Chemicals, Inc. (the "Company"), the undersigned's true and lawful attorney-in-fact to:

(1) execute for and on behalf of the undersigned, in the undersigned's capacity as an officer of the Company, Forms 3, 4 and 5 in accordance with Section 16(a) of the Securities Exchange Act of 1934, as amended, and the rules thereunder;

(2) do and perform any and all acts for and on behalf of the undersigned which may be necessary or desirable to complete and execute any such Form 3, 4 or 5 and timely file such form with the United States Securities and Exchange Commission and any stock exchange or similar authority; and

(3) take any other action or any type whatsoever in connection with the foregoing which, in the opinion of such attorney-in-fact, may be of benefit to, in the best interest of, or legally required by, the undersigned, it being understood that the documents executed by such attorney-in-fact on behalf of the undersigned pursuant to this Power of Attorney shall be in such form and shall contain such terms and conditions as such attorney-in-fact may approve in such attorney-in-fact's discretion.

The undersigned hereby grants to each attorney-in-fact full power and authority to do and perform any and every act and thing whatsoever requisite, necessary or proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as the undersigned might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that such attorney-in-fact, or such attorney-in-fact's substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted. The undersigned acknowledges that the foregoing attorney-in-fact, in serving in such capacity at the request of the undersigned, are not assuming, nor is the Company assuming any of the undersigned's responsibilities to comply with Section 16 of the Securities Exchange Act of 1934.

This Power of Attorney shall remain in full force and effect until the undersigned is no longer required to file

Forms 3, 4 and 5 with respect to the undersigned's holdings of and transaction in securities issued by the Company, unless earlier revoked by the undersigned in a signed writing delivered to the foregoing attorneys-in fact.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of the 20 day of February, 2006.

/s/ J. Neal Butler  
Signature  
J. Neal Butler

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