

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2014

Commission file number 1-32737



KOPPERS HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Pennsylvania
(State of incorporation)

20-1878963
(IRS Employer Identification No.)

436 Seventh Avenue
Pittsburgh, Pennsylvania 15219
(Address of principal executive offices)

(412) 227-2001
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Common Stock, par value \$0.01 per share, outstanding at April 30, 2014 amounted to 20,453,942 shares.

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

KOPPERS HOLDINGS INC.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Three Months Ended March 31,</i>	
	<i>2014</i>	<i>2013</i>
<i>(Dollars in millions, except per share amounts)</i>	<i>(Unaudited)</i>	
Net sales	\$ 331.4	\$ 370.4
Cost of sales (excluding items below)	285.1	320.5
Depreciation and amortization	8.9	7.3
Impairment and restructuring charges	15.5	0.0
Selling, general and administrative expenses	21.4	17.7
Operating profit	0.5	24.9
Other income	0.2	0.5
Interest expense	6.8	6.9
(Loss) income before income taxes	(6.1)	18.5
Income taxes	(6.0)	7.1
(Loss) income from continuing operations	(0.1)	11.4
Income from discontinued operations, net of tax expense of \$0.0 and \$0.1	0.0	0.1
Net (loss) income	(0.1)	11.5
Net (loss) income attributable to noncontrolling interests	(2.3)	0.5
Net income attributable to Koppers	\$ 2.2	\$ 11.0
Earnings per common share attributable to Koppers common shareholders:		
Basic –		
Continuing operations	\$ 0.11	\$ 0.53
Discontinued operations	0.00	0.00
Earnings per basic common share	\$ 0.11	\$ 0.53
Diluted –		
Continuing operations	\$ 0.11	\$ 0.53
Discontinued operations	0.00	0.00
Earnings per diluted common share	\$ 0.11	\$ 0.53
Comprehensive income	\$ 2.6	\$ 9.8
Comprehensive (loss) income attributable to noncontrolling interests	(2.7)	0.5
Comprehensive income attributable to Koppers	\$ 5.3	\$ 9.3
Weighted average shares outstanding (<i>in thousands</i>):		
Basic	20,384	20,667
Diluted	20,588	20,925
Dividends declared per common share	\$ 0.25	\$ 0.25

The accompanying notes are an integral part of these condensed consolidated financial statements.

KOPPERS HOLDINGS INC.
CONDENSED CONSOLIDATED BALANCE SHEET

	March 31, 2014	December 31, 2013
<i>(Dollars in millions, except per share amounts)</i>		
<i>(Unaudited)</i>		
Assets		
Cash and cash equivalents	\$ 54.7	\$ 82.2
Accounts receivable, net of allowance of \$3.6 and \$3.6	157.3	157.9
Income tax receivable	11.1	9.0
Inventories, net	193.2	168.8
Deferred tax assets	12.4	10.0
Loan to related party	9.5	9.5
Other current assets	31.4	35.7
Total current assets	469.6	473.1
Equity in non-consolidated investments	6.7	6.6
Property, plant and equipment, net	202.5	197.0
Goodwill	75.0	72.7
Deferred tax assets	14.7	9.3
Other assets	32.7	26.2
Total assets	\$ 801.2	\$ 784.9
Liabilities		
Accounts payable	\$ 91.8	\$ 107.6
Accrued liabilities	83.4	82.4
Dividends payable	5.1	5.1
Total current liabilities	180.3	195.1
Long-term debt	340.0	303.1
Accrued postretirement benefits	37.2	41.6
Deferred tax liabilities	15.2	14.7
Other long-term liabilities	42.1	40.6
Total liabilities	614.8	595.1
Commitments and contingent liabilities (Note 17)		
Equity		
Senior Convertible Preferred Stock, \$0.01 par value per share; 10,000,000 shares authorized; no shares issued	0.0	0.0
Common Stock, \$0.01 par value per share; 40,000,000 shares authorized; 21,897,190 and 21,722,492 shares issued	0.2	0.2
Additional paid-in capital	160.1	158.9
Retained earnings	68.3	71.3
Accumulated other comprehensive loss	(7.0)	(10.2)
Treasury stock, at cost, 1,443,248 and 1,390,494 shares	(52.4)	(50.4)
Total Koppers shareholders' equity	169.2	169.8
Noncontrolling interests	17.2	20.0
Total equity	186.4	189.8
Total liabilities and equity	\$ 801.2	\$ 784.9

The accompanying notes are an integral part of these condensed consolidated financial statements.

KOPPERS HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Three Months Ended March 31,</i>	
	2014	2013
	<i>(Unaudited)</i>	
<i>(Dollars in millions)</i>		
Cash provided by (used in) operating activities:		
Net (loss) income	\$ (0.1)	\$ 11.5
Adjustments to reconcile net cash provided by operating activities:		
Depreciation and amortization	8.9	7.3
Impairment charges	4.7	0.0
Deferred income taxes	(7.2)	0.7
Equity income, net of dividends received	0.0	(0.2)
Change in other liabilities	(2.8)	(3.6)
Non-cash interest expense	0.4	0.4
Stock-based compensation	1.2	1.4
Other	0.2	0.1
(Increase) decrease in working capital:		
Accounts receivable	2.1	(12.7)
Inventories	(6.6)	1.9
Accounts payable	(16.8)	(2.5)
Accrued liabilities and other working capital	2.3	1.4
Net cash provided by (used in) operating activities	(13.7)	5.7
Cash provided by (used in) investing activities:		
Capital expenditures	(14.8)	(6.4)
Acquisitions	(29.6)	0.0
Net cash proceeds from divestitures and asset sales	0.0	0.2
Net cash used in investing activities	(44.4)	(6.2)
Cash provided by (used in) financing activities:		
Borrowings of revolving credit	67.5	36.5
Repayments of revolving credit	(52.5)	(36.5)
Borrowings of long-term debt	22.2	0.0
Issuances of Common Stock	0.0	0.2
Repurchases of Common Stock	(2.0)	(1.6)
Payment of deferred financing costs	0.0	(1.1)
Dividends paid	(5.0)	(5.0)
Net cash provided by (used in) financing activities	30.2	(7.5)
Effect of exchange rate changes on cash	0.4	(2.0)
Net decrease in cash and cash equivalents	(27.5)	(10.0)
Cash and cash equivalents at beginning of year	82.2	66.7
Cash and cash equivalents at end of period	\$ 54.7	\$ 56.7

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Basis of Presentation and New Accounting Standards

The accompanying unaudited condensed consolidated financial statements and related disclosures have been prepared in accordance with accounting principles generally accepted in the United States applicable to interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation of Koppers Holdings Inc.'s and its subsidiaries' ("Koppers", "Koppers Holdings" or the "Company") financial position and interim results as of and for the periods presented have been included. All such adjustments are of a normal recurring nature unless disclosed otherwise. Because the Company's business is seasonal, results for interim periods are not necessarily indicative of those that may be expected for a full year. The Condensed Consolidated Balance Sheet for December 31, 2013 has been summarized from the audited balance sheet contained in the Annual Report on Form 10-K for the year ended December 31, 2013.

The financial information included herein should be read in conjunction with the Company's audited consolidated financial statements and related notes included in its Annual Report on Form 10-K for the year ended December 31, 2013.

2. Dividends

On May 2, 2014, the Company's board of directors declared a quarterly dividend of 25 cents per common share, payable on July 7, 2014 to shareholders of record as of May 19, 2014.

3. Plant Closures and Discontinued Operations

On January 22, 2014, the Company announced its decision to discontinue coal tar distillation activities at its facility located in Uithoorn, the Netherlands. The decision was made as a result of a detailed analysis of its overall European manufacturing asset footprint in light of deteriorating market conditions in Europe and a variety of other factors, including regulatory requirements for significant capital expenditures at the facility. The Company is ramping down production at the Uithoorn facility over the first six months of 2014 as it transitions production to other Company-owned European facilities. The Company expects to discontinue distillation activities by mid-2014 and to complete closure at the site by the end of 2015. For the three months ended March 31, 2014, the Company recorded closure costs of \$10.8 million for severance and site demolition liabilities. In the fourth quarter of 2013, the Company recorded an asset impairment charge of \$6.9 million related to the facility.

In December 2011, the Company ceased manufacturing operations at its carbon black facility located in Kurnell, Australia. This decision was made as a result of deteriorating business conditions including raw material availability and cost, competition in the export markets due to the strength of the Australian dollar and a variety of other factors. The Company estimates that total future closure costs related to this facility will be approximately \$0.3 million. The closure is expected to be completed during 2015. The facility is part of the Carbon Materials and Chemicals segment. Operating profit from this discontinued operation totaled \$0.0 million and \$0.2 million for the three months ended March 31, 2014 and 2013, respectively.

Details of the restructuring activities and related reserves are as follows:

	Severance and employee benefits	Environmental remediation	Site demolition	Other	Total
<i>(Dollars in millions)</i>					
Reserve at December 31, 2012	\$ 0.2	\$ 6.7	\$ 6.3	\$ 0.1	\$13.3
Reversal of accrued charges	(0.1)	0.0	(0.3)	0.0	(0.4)
Cash paid	0.0	(0.1)	(2.0)	(0.1)	(2.2)
Currency translation	0.0	(1.0)	(0.7)	0.0	(1.7)
Reserve at December 31, 2013	\$ 0.1	\$ 5.6	\$ 3.3	\$ 0.0	\$ 9.0
Accrual	10.0	0.0	0.8	0.0	10.8
Cash paid	(0.2)	0.0	0.0	0.0	(0.2)
Currency translation	0.1	0.2	0.2	0.0	0.5
Reserve at March 31, 2014	\$ 10.0	\$ 5.8	\$ 4.3	\$ 0.0	\$20.1

4. Business Acquisitions

Koppers Ashcroft – On January 20, 2014, the Company acquired the crosstie treating business and related manufacturing facility of Tolko Industries Ltd. located in Ashcroft, British Columbia, Canada. The purchase price was \$29.6 million, subject to post-closing adjustments, and was funded primarily by available cash. The preliminary allocation of purchase price to acquired assets primarily consisted of inventory totaling \$16.0 million, plant and equipment totaling \$3.6 million, intangible assets consisting primarily of customer relationships totaling \$7.4 million and Canadian tax deductible goodwill of \$1.6 million. The goodwill is allocated to the Railroad and Utility Products and Services segment and the customer contracts will be amortized over a period of 12 years.

Subsequent event – On April 13, 2014, Koppers Inc. signed an agreement to acquire the wood preservation and railroad services businesses of Osmose Holdings, Inc. (Osmose). Osmose's wood preservation business develops, manufactures and sells wood preservation chemicals and wood treatment technologies for infrastructure, residential and commercial construction, and agricultural markets. The wood preservation business has operations and sales in North America, South America, Europe, and Australasia. Osmose's railroad services business is a provider of railroad infrastructure services, including bridge inspection, engineering, maintenance and repair, and construction services for the Class I and shortline railroads in North America. Revenues for the acquired businesses in 2013 were approximately \$390 million.

The base purchase price is \$460 million and is subject to certain closing adjustments. The base purchase price includes the value of an anticipated 338(h)(10) tax election that is expected to provide cash tax savings over the next 15 years. Koppers plans to finance the purchase through new and existing bank debt, including a new term loan and an increase to the Company's existing revolving credit facility. The transaction is expected to close in the third quarter of 2014, subject to regulatory filings and customary closing conditions.

5. Fair Value Measurements

Carrying amounts and the related estimated fair values of the Company's financial instruments as of March 31, 2014 and December 31, 2013 are as follows:

	March 31, 2014		December 31, 2013	
	Fair Value	Carrying Value	Fair Value	Carrying Value
<i>(Dollars in millions)</i>				
Financial assets:				
Cash and cash equivalents, including restricted cash	\$ 54.7	\$ 54.7	\$ 82.2	\$ 82.2
Investments and other assets ^(a)	1.4	1.4	1.4	1.4
Financial liabilities:				
Long-term debt (including current portion)	\$ 365.1	\$340.0	\$ 331.2	\$303.1

(a) Excludes equity method investments.

Cash and cash equivalents – The carrying amount approximates fair value because of the short maturity of those instruments.

Investments and other assets – Represents the broker-quoted cash surrender value on universal life insurance policies. This asset is classified as Level 2 in the valuation hierarchy and is measured from values received from financial institutions.

Debt – The fair value of the Company's long-term debt is estimated based on the market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities (Level 2). The fair values of the revolving credit facility and construction loans approximate carrying value due to the variable rate nature of these instruments.

6. Comprehensive Income and Equity

Total comprehensive income for the three months ended March 31, 2014 and 2013 is summarized in the table below:

	<i>Three Months Ended March 31,</i>	
	2014	2013
<i>(Dollars in millions)</i>		
Net (loss) income	\$ (0.1)	\$ 11.5
Other comprehensive income (loss):		
Change in currency translation adjustment	(0.3)	(3.5)
Change in foreign currency transactions of long-term subsidiary investments	2.4	0.7
Change in unrecognized pension net loss, net of tax expense of \$0.2 and \$0.6	0.6	1.0
Change in unrecognized prior service cost, net of tax expense of \$0.0 and \$0.0	0.0	0.1
Total comprehensive income	2.6	9.8
Less: comprehensive (loss) income attributable to noncontrolling interests	(2.7)	0.5
Comprehensive income attributable to Koppers	\$ 5.3	\$ 9.3

Amounts reclassified from accumulated other comprehensive income to net income consist of amounts shown for changes in unrecognized pension net loss, unrecognized prior service cost and unrecognized transition asset. These components of accumulated other comprehensive income are included in the computation of net periodic pension cost as disclosed in Note 13 – Pensions and Postretirement Benefit Plans.

The following tables present the change in equity for the three months ended March 31, 2014 and 2013, respectively:

	<i>Total Koppers Shareholders' Equity</i>	<i>Noncontrolling Interests</i>	<i>Total Equity</i>
<i>(Dollars in millions)</i>			
Balance at December 31, 2013	\$ 169.8	\$ 20.0	\$ 189.8
Net income (loss)	2.2	(2.3)	(0.1)
Employee stock plans	1.2	0.0	1.2
Other comprehensive income (loss)	3.2	(0.5)	2.7
Dividends	(5.2)	0.0	(5.2)
Repurchases of common stock	(2.0)	0.0	(2.0)
Balance at March 31, 2014	\$ 169.2	\$ 17.2	\$ 186.4

	<i>Total Koppers Shareholders' Equity</i>	<i>Noncontrolling Interests</i>	<i>Total Equity</i>
<i>(Dollars in millions)</i>			
Balance at December 31, 2012	\$ 150.6	\$ 17.5	\$ 168.1
Net income	11.0	0.5	11.5
Issuance of common stock	0.2	0.0	0.2
Employee stock plans	1.6	0.0	1.6
Other comprehensive income	(1.7)	0.0	(1.7)
Dividends	(5.4)	0.0	(5.4)
Repurchases of common stock	(1.6)	0.0	(1.6)
Balance at March 31, 2013	\$ 154.7	\$ 18.0	\$ 172.7

7. Earnings per Common Share

The computation of basic earnings per common share for the periods presented is based upon the weighted average number of common shares outstanding during the periods. The computation of diluted earnings per common share includes the effect of non-vested nonqualified stock options and restricted stock units assuming such options and stock units were outstanding common shares at the beginning of the period. The effect of antidilutive securities is excluded from the computation of diluted earnings per common share.

The following table sets forth the computation of basic and diluted earnings per common share:

	<i>Three Months Ended March 31,</i>	
	<i>2014</i>	<i>2013</i>
<i>(Dollars in millions, except share amounts, in thousands, and per share amounts)</i>		
Net income attributable to Koppers	\$ 2.2	\$ 11.0
Less: Income from discontinued operations	0.0	0.1
Income from continuing operations attributable to Koppers	\$ 2.2	\$ 10.9
Weighted average common shares outstanding:		
Basic	20,384	20,667
Effect of dilutive securities	204	258
Diluted	20,588	20,925
Earnings per common share – continuing operations:		
Basic earnings per common share	\$ 0.11	\$ 0.53
Diluted earnings per common share	0.11	0.53
Other data:		
Antidilutive securities excluded from computation of diluted earnings per common share	235	181

8. Stock-based Compensation

The amended and restated 2005 Long-Term Incentive Plan (the "LTIP") provides for the grant to eligible persons of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance awards, dividend equivalents and other stock-based awards, which are collectively referred to as the awards.

Under the LTIP, the board of directors granted restricted stock units and performance stock units to certain employee participants (collectively, the "stock units") each year starting in 2007. The restricted stock units vest on the third anniversary of the grant date or ratably over three years, assuming continued employment by the participant. Performance stock units granted in 2011 have a two-year performance objective. Performance stock units granted after 2011 have three-year performance objectives. Regardless of whether the measurement period for the applicable performance objective is two or three years, all performance stock units have a three-year period for vesting (if the applicable performance objective is obtained). The applicable performance objective is based upon a multi-year cumulative value creation calculation commencing on the first day of each grant year. The number of performance stock units granted represents the target award and participants have the ability to earn between zero and 150 percent of the target award based upon actual performance. If minimum performance criteria are not achieved, no performance stock units will vest.

Dividends declared on the Company's common stock during the restriction period of the stock units are credited at equivalent value as additional stock units and become payable as additional common shares upon vesting. In the event of termination of employment, other than retirement, death or disability, any non-vested stock units are forfeited, including additional stock units credited from dividends. In the event of termination of employment due to retirement, death or disability, pro-rata vesting of the stock units over the service period will result for most participants. There are special vesting provisions for the stock units related to a change in control.

Restricted stock units that vest immediately or have one-year vesting periods are also issued under the LTIP to members of the board of directors in connection with annual director compensation and, from time to time, are issued to members of management in connection with employee compensation.

Compensation expense for non-vested stock units is recorded over the vesting period based on the fair value at the date of grant. The fair value of stock units is the market price of the underlying common stock on the date of grant.

The following table shows a summary of the performance stock units as of March 31, 2014:

<i>Performance Period</i>	<i>Minimum Shares</i>	<i>Target Shares</i>	<i>Maximum Shares</i>
2012 – 2014	0	92,847	139,271
2013 – 2015	0	90,661	135,992
2014 – 2016	0	108,506	162,759

The following table shows a summary of the status and activity of non-vested stock awards for the three months ended March 31, 2014:

	<i>Restricted Stock Units</i>	<i>Performance Stock Units</i>	<i>Total Stock Units</i>	<i>Weighted Average Grant Date Fair Value per Unit</i>
Non-vested at December 31, 2013	148,836	319,984	468,820	\$ 40.30
Granted	79,219	108,506	187,725	\$ 37.93
Credited from dividends	3,470	8,425	11,895	\$ 38.44
Vested	(42,381)	(132,317)	(174,698)	\$ 40.08
Forfeited	(2,485)	(6,205)	(8,690)	\$ 40.26
Non-vested at March 31, 2014	186,659	298,393	485,052	\$ 39.41

Stock options to most executive officers vest and become exercisable upon the completion of a three-year service period commencing on the grant date. The stock options have a term of 10 years. In the event of termination of employment, other than retirement, death or disability, any non-vested options are forfeited for most participants. In the event of termination of employment due to retirement, death or disability, pro-rata vesting of the options over the service period will result for most participants. There are special vesting provisions for the stock options related to a change in control.

In accordance with accounting standards, compensation expense for non-vested stock options is recorded over the vesting period based on the fair value at the date of grant. The fair value of stock options on the date of grant is calculated using the Black-Scholes-Merton model and the assumptions listed below:

	<i>February 2014 Grant</i>	<i>February 2013 Grant</i>	<i>February 2012 Grant</i>
Grant date price per share of option award	\$ 37.93	\$ 42.76	\$ 38.21
Expected dividend yield per share	2.75%	2.75%	2.75%
Expected life in years	6.5	6.5	6.5
Expected volatility	52.14%	53.77%	55.06%
Risk-free interest rate	1.98%	1.29%	1.34%
Grant date fair value per share of option awards	\$ 15.26	\$ 17.28	\$ 15.82

The dividend yield is based on the Company's current and prospective dividend rate which calculates a continuous dividend yield based upon the market price of the underlying common stock. The expected life in years is based on the simplified method permitted under Securities and Exchange Commission Staff Accounting Bulletin No. 14d.2 which calculates the average of the weighted vesting term and the contractual term of the option. This method was selected due to the lack of historical exercise data with respect to the Company. Expected volatility is based on the historical volatility of the Company's common stock and the historical volatility of certain other similar public companies. The risk-free interest rate is based on U.S. Treasury bill rates for the expected life of the option.

The following table shows a summary of the status and activity of stock options for the three months ended March 31, 2014:

	Options	Weighted Average Exercise Price per Option	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at December 31, 2013	421,080	\$ 35.96		
Granted	106,658	\$ 37.93		
Forfeited	(8,747)	\$ 40.42		
Outstanding at March 31, 2014	518,991	\$ 36.29	7.25	\$ 2.7
Exercisable at March 31, 2014	235,231	\$ 32.35	6.01	\$ 2.1

Total stock-based compensation expense recognized for the three months ended March 31, 2014 and 2013 is as follows:

	Three Months Ended March 31,	
	2014	2013
<i>(Dollars in millions)</i>		
Stock-based compensation expense recognized:		
Selling, general and administrative expenses	\$ 1.2	\$ 1.4
Less related income tax benefit	0.5	0.6
	\$ 0.7	\$ 0.8

As of March 31, 2014, total future compensation expense related to non-vested stock-based compensation arrangements totaled \$11.2 million and the weighted-average period over which this cost is expected to be recognized is approximately 26 months.

9. Segment Information

The Company has two reportable segments: Carbon Materials and Chemicals and Railroad and Utility Products and Services. The Company's reportable segments contain business units that offer different products. The reportable segments are each managed separately because they manufacture and distribute distinct products with different production processes. The business units have been aggregated into two reportable segments since management believes the long-term financial performance of these business units is affected by similar economic conditions.

The Company's Carbon Materials and Chemicals segment is primarily a manufacturer of carbon pitch, naphthalene, phthalic anhydride, creosote and carbon black feedstock. Carbon pitch is a critical raw material used in the production of aluminum and for the production of steel in electric arc furnaces. Naphthalene is used for the production of phthalic anhydride and as a surfactant in the production of concrete. Phthalic anhydride is used in the production of plasticizers, polyester resins and alkyd paints. Creosote is used in the treatment of wood and carbon black feedstock is used in the production of carbon black.

The Company's Railroad and Utility Products and Services segment sells treated and untreated wood products, manufactured products and services primarily to the railroad and public utility markets. Railroad products include procuring and treating items such as crossties, switch ties and various types of lumber used for railroad bridges and crossings and the manufacture of rail joint bars. Utility products include transmission and distribution poles and pilings.

The Company evaluates performance and determines resource allocations based on a number of factors, the primary measure being operating profit or loss from operations. Operating profit does not include equity in earnings of affiliates, other income, interest expense or income taxes. Operating profit also excludes the operating costs of Koppers Holdings Inc., the parent company of Koppers Inc. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Intersegment transactions are eliminated in consolidation.

The following table sets forth certain sales and operating data, net of all intersegment transactions, for the Company's segments for the periods indicated:

	<i>Three Months Ended March 31,</i>	
	2014	2013
<i>(Dollars in millions)</i>		
Revenues from external customers:		
Carbon Materials and Chemicals	\$ 202.6	\$ 230.5
Railroad and Utility Products and Services	128.8	139.9
Total	\$ 331.4	\$ 370.4
Intersegment revenues:		
Carbon Materials and Chemicals	\$ 21.2	\$ 21.9
Depreciation and amortization expense^(a):		
Carbon Materials and Chemicals	\$ 6.1	\$ 4.5
Railroad and Utility Products and Services	2.8	2.8
Total	\$ 8.9	\$ 7.3
Operating profit:		
Carbon Materials and Chemicals ^(b)	\$ (8.8)	\$ 13.1
Railroad and Utility Products and Services	11.1	12.3
Corporate ^(c)	(1.8)	(0.5)
Total	\$ 0.5	\$ 24.9

(a) Excludes impairment charges of \$4.7 million in 2014 for Carbon Materials and Chemicals.

(b) Includes plant closure costs of \$10.8 million in 2014 for the Uithoorn, the Netherlands facility and impairment charges of \$4.7 million in 2014 for the Tangshan, China facility.

(c) Operating loss for Corporate includes general and administrative costs for Koppers Holdings Inc., the parent company of Koppers Inc.

The following table sets forth certain tangible and intangible assets allocated to each of the Company's segments as of the dates indicated:

	March 31,	December 31,
	2014	2013
<i>(Dollars in millions)</i>		
Segment assets:		
Carbon Materials and Chemicals	\$ 523.7	\$ 535.5
Railroad and Utility Products and Services	228.6	179.3
All other	48.9	70.1
Total	\$ 801.2	\$ 784.9
Goodwill:		
Carbon Materials and Chemicals	\$ 68.7	\$ 68.0
Railroad and Utility Products and Services	6.3	4.7
Total	\$ 75.0	\$ 72.7

10. Income Taxes

Effective Tax Rate

The income tax provision for interim periods is based on an estimated annual effective tax rate, which requires management to make its best estimate of annual pretax income by domestic and foreign jurisdictions and other items that impact taxable income. Items that are not related to annual pretax ordinary income are recognized entirely in the interim period as a discrete item.

Income taxes as a percentage of pretax ordinary income was 72.9 percent and 38.5 percent for each of the three months ended March 31, 2014 and 2013, respectively, before discrete items. Discrete items included in income taxes for the three months ended

March 31, 2014 were a net tax benefit of \$5.5 million which was primarily related to management's decision that a deferred tax liability for certain undistributed earnings of its European subsidiaries was no longer necessary as these earnings are permanently reinvested. There were no material discrete items included in income taxes for the three months ended March 31, 2013.

The effective tax rate for the three months ended on March 31, 2014 differs from the U.S. federal statutory rate of 35.0 percent due to the taxes on foreign earnings (+34.8 percent), state taxes (+3.6 percent), nondeductible expenses (+1.8 percent), and uncertain tax expenses (+1.1 percent) partially offset by the domestic manufacturing deduction (-3.4 percent). With respect to the three months ended on March 31, 2013, the effective tax rate differs from the U.S. federal statutory rate of 35.0 percent due to the taxes on foreign earnings (+2.4 percent), state taxes (+1.7 percent), uncertain tax expenses (+0.7 percent), and nondeductible expenses (+0.6 percent) partially offset by the domestic manufacturing deduction (-1.9 percent).

During the year, management regularly updates estimates based on changes in various factors such as product prices, shipments, product mix, operating and administrative costs, earnings mix by taxable jurisdiction, repatriation of foreign earnings, uncertain tax positions and the ability to claim tax credits. To the extent that actual results vary from the estimates at the end of the first quarter, the actual tax provision recognized for 2014 could be materially different from the forecasted annual tax provision as of the end of the first quarter.

Uncertain Tax Positions

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, individual U.S. state jurisdictions and non-U.S. jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2008.

As of March 31, 2014 and December 31, 2013, the total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate, was approximately \$4.6 million and \$4.5 million, respectively. Unrecognized tax benefits totaled \$6.1 million and \$6.1 million as of March 31, 2014 and December 31, 2013, respectively. The Company recognizes interest expense and any related penalties from uncertain tax positions in income tax expense. As of March 31, 2014 and December 31, 2013 the Company had accrued approximately \$1.3 million and \$1.2 million for interest and penalties, respectively.

11. Inventories

Net inventories as of March 31, 2014 and December 31, 2013 are summarized in the table below:

	March 31, 2014	December 31, 2013
<i>(Dollars in millions)</i>		
Raw materials	\$ 119.1	\$ 105.4
Work in process	18.2	19.2
Finished goods	107.5	94.8
	244.8	219.4
Less revaluation to LIFO	51.6	50.6
Net	\$ 193.2	\$ 168.8

12. Property, Plant and Equipment

Property, plant and equipment as of March 31, 2014 and December 31, 2013 are summarized in the table below:

	March 31, 2014	December 31, 2013
<i>(Dollars in millions)</i>		
Land	\$ 9.6	\$ 9.1
Buildings	31.1	30.6
Machinery and equipment	624.0	608.1
	664.7	647.8
Less accumulated depreciation	462.2	450.8
Net	\$ 202.5	\$ 197.0

Impairment – Impairment charges for the three months ended March 31, 2014 were \$4.7 million (\$2.8 million, net of non-controlling interest) and were related to the Carbon Material and Chemicals' plant in Tangshan, China. This impairment charge was calculated using a probability-weighted discounted cash flow model.

The impairment of the Company's 60-percent owned plant in Tangshan, China is due to the forced closure of a neighboring metallurgical coke facility. In October 2013, the Company was informed by the Tangshan Municipal People's Government ("Tangshan Government") of its intention to close the two coke batteries owned and operated by the Tangshan Iron and Steel Group Co., Ltd ("TISCO") in Tangshan, China. The Tangshan Government has ordered the closure of these coke batteries in an effort to improve the air quality in the Tangshan area. The Company was notified in March 2014 by TISCO that all coke batteries would cease production no later than the end of June 2014.

The Company's 60-percent owned subsidiary, Koppers (China) Carbon & Chemical Company Limited ("KCCC") is located near to TISCO's coke facility and relies on its operations for a significant portion of raw material supply, utilities and other shared services. Closure of the TISCO coke batteries directly impacts KCCC's ability to operate its coal tar distillation plant and the Company has determined that it is unable to continue coal tar distillation activities at the site once TISCO ceases production activities at the adjacent facility. The Company is continuing to evaluate its options, which include transitioning to a new location or entering into other strategic partnerships with other unrelated coal tar distillation companies.

The closure of KCCC's coal tar distillation facility would have a material adverse effect on the Company's business, financial condition, cash flow and results of operations. For the most recent year ended December 31, 2013, KCCC contributed operating profit of approximately \$3.3 million after deducting profit attributable to non-controlling interests and excluding asset impairment charges. As of March 31, 2014, the remaining net book value of fixed assets subject to impairment was \$2.5 million. This amount will be reflected in depreciation expense over the next four months on an accelerated basis reflecting management's estimate of the remaining useful life of the assets.

The Company believes it would be able to continue fulfilling current domestic Chinese customers and its export commitments with capacity at Koppers (Jiangsu) Carbon Chemical Company Limited, which is scheduled for production start-up in mid-2014, its other 30-percent owned Chinese company and other commercial relationships in China. However, the Company's margin on export sales may be negatively affected as a result of these actions.

13. Pensions and Postretirement Benefit Plans

The Company and its subsidiaries maintain a number of defined benefit and defined contribution plans to provide retirement benefits for employees in the U.S., as well as employees outside the U.S. These plans are maintained and contributions are made in accordance with the Employee Retirement Income Security Act of 1974 ("ERISA"), local statutory law or as determined by the board of directors. The defined benefit pension plans generally provide benefits based upon years of service and compensation. Pension plans are funded except for three domestic non-qualified defined benefit pension plans for certain key executives.

All qualified defined benefit pension plans for salaried employees have been closed to new participants and a number of plans, including most plans for hourly employees, have been frozen or are scheduled to be frozen in the next two years. Accordingly, these pension plans no longer accrue additional years of service or recognize future increases in compensation for benefit purposes. In addition, a number of pension plans are subject to a "soft" freeze which precludes new employees from entering the defined benefit pension plans.

The defined contribution plans generally provide retirement assets to employee participants based upon employer and employee contributions to the participant's individual investment account. The Company also provides retiree medical insurance coverage to certain U.S. employees and a life insurance benefit to most U.S. employees. For salaried employees, the retiree medical and retiree insurance plans have been closed to new participants.

The following table provides the components of net periodic benefit cost for the pension plans and other benefit plans for the three months ended March 31, 2014 and 2013:

	<i>Three Months Ended March 31,</i>	
	2014	2013
<i>(Dollars in millions)</i>		
Service cost	\$ 0.6	\$ 0.9
Interest cost	2.9	2.7
Expected return on plan assets	(3.5)	(3.2)
Amortization of net loss	1.0	1.9
Net periodic benefit cost for defined benefit plans	\$ 1.0	\$ 2.3
Defined contribution plan expense	\$ 1.7	\$ 1.5
Other postretirement benefit plan expense	0.1	0.1
Multi-employer pension plan expense	0.1	0.1

14. Debt

Debt at March 31, 2014 and December 31, 2013 was as follows:

	<i>Weighted Average Interest Rate</i>	<i>Maturity</i>	<i>March 31, 2014</i>	<i>December 31, 2013</i>
	<i>(Dollars in millions)</i>			
Revolving Credit Facility	1.91%	2018	\$ 15.0	\$ 0.0
Construction loans	6.24%	2018	\$ 28.3	\$ 6.6
Senior Notes	7 ⁷ / ₈ %	2019	296.7	296.5
Total debt			340.0	303.1
Less short term debt and current maturities of long-term debt			0.0	0.0
Long-term debt			\$ 340.0	\$ 303.1

Revolving Credit Facility

The Koppers Inc. revolving credit facility agreement provides for a revolving credit facility of up to \$350.0 million at variable rates. Borrowings under the revolving credit facility are secured by a first priority lien on substantially all of the assets of Koppers Inc. and its material domestic subsidiaries. The revolving credit facility contains certain covenants for Koppers Inc. and its restricted subsidiaries that limit capital expenditures, additional indebtedness, liens, dividends, investments or acquisitions. In addition, such covenants give rise to events of default upon the failure by Koppers Inc. and its restricted subsidiaries to meet certain financial ratios. Commitment fees totaled \$0.3 million for both of the three months ended March 31, 2014 and March 31, 2013 and are charged to interest expense.

As of March 31, 2014, the Company had \$299.8 million of unused revolving credit availability for working capital purposes after restrictions from certain letter of credit commitments and other covenants. As of March 31, 2014, \$35.2 million of commitments were utilized by outstanding letters of credit.

Construction Loans

On November 18, 2013, the Company's 75-percent owned subsidiary, Koppers (Jiangsu) Carbon Chemical Company limited ("KJCC") entered into two committed loan facility agreements for a combined commitment of RMB 265 million or approximately \$44 million. The third party bank provided facility has a commitment amount of RMB 198.8 million and the other committed facility of RMB 66.2 million is provided by the 25-percent non-controlling shareholder in KJCC. Borrowings under the third party bank facility are secured by a letter of credit issued by a bank under the Company's Revolving Credit Facility. The committed facilities will be used to finance the costs related to the construction of the coal tar distillation plant in Pizhou, Jiangsu province in China. The facilities are variable rate and have certain financial covenants that monitor minimum net worth and leverage. KJCC will repay the loans in six installments every six months starting in May 2016 with a final repayment on November 18, 2018, the maturity date of the loans.

Senior Notes

The Koppers Inc. 7 ⁷/₈ percent Senior Notes due 2019 (the "Senior Notes") were issued on December 1, 2009 at an offering price of 98.311 percent of face value, or \$294.9 million and have a principal amount at maturity of \$300.0 million. The Senior Notes have an effective interest rate yield of 8 ¹/₈ percent per annum. The Senior Notes are unsecured senior obligations that are fully and unconditionally guaranteed by Koppers Holdings and certain of Koppers Inc.'s wholly-owned domestic subsidiaries. The Senior Notes are structurally subordinated to indebtedness under the revolving credit facility.

Interest on the Senior Notes is payable semiannually on December 1 and June 1 each year. On or after December 1, 2014, the Company is entitled to redeem all or a portion of the Senior Notes at a redemption price of 103.938 percent of principal value, declining annually in ratable amounts until the redemption price is equivalent to the principal value on December 1, 2017.

The indenture governing the Senior Notes includes customary covenants that restrict, among other things, the ability of Koppers Inc. and its restricted subsidiaries to incur additional debt, pay dividends or make certain other restricted payments, incur liens, merge or sell all or substantially all of the assets of Koppers Inc. or its subsidiaries or enter into various transactions with affiliates.

15. Asset Retirement Obligations

The Company recognizes asset retirement obligations for the removal and disposal of residues; dismantling of certain tanks required by governmental authorities; cleaning and dismantling costs for owned rail cars; and cleaning costs for leased rail cars and barges. The following table reflects changes in the carrying values of asset retirement obligations:

	March 31, 2014	December 31, 2013
<i>(Dollars in millions)</i>		
Balance at beginning of year	\$ 23.2	\$ 21.5
Accretion expense	0.5	1.2
Revision in estimated cash flows, net	0.8	6.7
Expenses incurred	(1.4)	(5.6)
Currency translation	0.2	(0.6)
Balance at end of period	\$ 23.3	\$ 23.2

16. Deferred Revenue from Extended Product Warranty Liabilities

The Company defers revenues associated with extended product warranty liabilities based on historical loss experience and sales of extended warranties on certain products. The following table reflects changes in the carrying values of deferred revenue:

	March 31, 2014	December 31, 2013
<i>(Dollars in millions)</i>		
Balance at beginning of year	\$ 3.2	\$ 3.9
Revenue earned	(0.2)	(0.7)
Balance at end of period	\$ 3.0	\$ 3.2

17. Commitments and Contingent Liabilities

The Company and its subsidiaries are involved in litigation and various proceedings relating to environmental laws and regulations and toxic tort, product liability and other matters. Certain of these matters are discussed below. The ultimate resolution of these contingencies is subject to significant uncertainty and should the Company or its subsidiaries fail to prevail in any of these legal matters or should several of these legal matters be resolved against the Company or its subsidiaries in the same reporting period, these legal matters could, individually or in the aggregate, be material to the consolidated financial statements.

Coal Tar Pitch Cases. Koppers Inc., along with other defendants, is currently a defendant in lawsuits filed in three states in which the plaintiffs claim they suffered a variety of illnesses (including cancer) as a result of exposure to coal tar pitch sold by the defendants. There are approximately 111 plaintiffs in 61 cases pending as of March 31, 2014 as compared to 111 plaintiffs in 61 cases pending as of December 31, 2013. As of December 31, 2013, there are a total of 57 cases pending in state court in Pennsylvania, three in Arkansas, and one case pending in state court in Tennessee.

The plaintiffs in all 61 pending cases seek to recover compensatory damages, while plaintiffs in 56 cases also seek to recover punitive damages. The plaintiffs in the 57 cases filed in Pennsylvania state court seek unspecified damages in excess of the court's minimum jurisdictional limit. The plaintiffs in the Arkansas state court cases each seek compensatory damages in excess of \$50,000 in addition to punitive damages. The plaintiffs in the Tennessee state court case each seek damages of \$15.0 million. The other defendants in these lawsuits vary from case to case and include companies such as Beazer East, Inc., United States Steel Corporation, Honeywell International Inc., Vertellus Specialties Inc., Dow Chemical Company, UCAR Carbon Company, Inc., Exxon Mobil Corporation, SGL Carbon Corporation and Alcoa, Inc. Discovery is proceeding in these cases. No trial dates have been set in any of these cases.

The Company has not provided a reserve for these lawsuits because, at this time, the Company cannot reasonably determine the probability of a loss, and the amount of loss, if any, cannot be reasonably estimated. The timing of resolution of these cases cannot be reasonably determined. Although Koppers Inc. is vigorously defending these cases, an unfavorable resolution of these matters may have a material adverse effect on the Company's business, financial condition, cash flows and results of operations.

Gainesville. Koppers Inc. operated a utility pole treatment plant in Gainesville from December 29, 1988 until its closure in 2009. The property upon which the utility pole treatment plant was located was sold by Koppers Inc. to Beazer East, Inc. in 2010.

In November 2010, a class action complaint was filed in the Circuit Court of the Eighth Judicial Circuit located in Alachua County, Florida by residential real property owners located in a neighborhood west of and immediately adjacent to the former utility pole treatment plant in Gainesville. The complaint named Koppers Holdings Inc., Koppers Inc., Beazer East and several other parties as defendants. In a second amended complaint, plaintiffs define the putative class as consisting of all persons who are present record owners of residential real properties located in an area within a two-mile radius of the former Gainesville wood treating plant. Plaintiffs further allege that chemicals and contaminants from the Gainesville plant have contaminated real properties within the two mile geographical area, have caused property damage (diminution in value) and have placed residents and owners of the putative class properties at an elevated risk of exposure to and injury from the chemicals at issue. The second amended complaint seeks damages for diminution in property values, the establishment of a medical monitoring fund and punitive damages.

The case was removed to the United States District Court for the Northern District of Florida in December 2010. In May 2013, the Court entered a scheduling order for class certification, which sets out discovery deadlines leading up to motions for class certification and opposition to those motions. Under the terms of the order, depositions relating to class certification will not commence until the court has disposed of all pending motions to dismiss. The district court dismissed Koppers Holdings Inc. in September 2013 on the ground that there was no personal jurisdiction. Plaintiffs' appeal of the dismissal of Koppers Holdings Inc. was dismissed in December 2013. However, the court has not yet ruled on all pending motions to dismiss filed by other defendants. Therefore, depositions relating to class certification have not yet commenced.

The Company has not provided a reserve for this matter because, at this time, it cannot reasonably determine the probability of a loss, and the amount of loss, if any, cannot be reasonably estimated. The timing of resolution of this case cannot be reasonably determined. Although the Company is vigorously defending this case, an unfavorable resolution of this matter may have a material adverse effect on the Company's business, financial condition, cash flows and results of operations.

Other Matters. In July 2012, Koppers Netherlands B.V.'s ("Koppers Netherlands") coal tar distillation plant suffered a series of electrical disruptions which significantly affected plant operations and prevented the resumption of plant operations for a period of approximately three weeks. As a result of the suspension of operations, the coal tar distillation plant was unable to provide steam and other services to an adjacent unaffiliated plant. This unaffiliated plant and Koppers Netherlands' plant share certain services and plant infrastructure under a cost sharing agreement. In September 2012, Koppers Netherlands received a business

interruption claim from the owner of the unaffiliated plant that included an initial claim for lost profits of approximately \$1.7 million. In July 2013 the owner of the unaffiliated plant filed a request for arbitration with the Netherlands Arbitration Institute seeking damages for the business interruption claim plus interest, costs and legal fees. In its statement of claim to the arbitration board, the owner of the unaffiliated facility has claimed damages of at least \$3.1 million for these costs. The arbitration hearing has been scheduled for June 2014.

The Company has not provided a reserve for the claimed lost profits because, at this time, it cannot reasonably determine the probability of such loss, and the amount of such loss, if any, cannot be reasonably estimated. The Company does not currently believe that resolution of this matter will involve a loss contingency that would be material to the financial statements.

Environmental and Other Litigation Matters

The Company and its subsidiaries are subject to federal, state, local and foreign laws and regulations and potential liabilities relating to the protection of the environment and human health and safety including, among other things, the cleanup of contaminated sites, the treatment, storage and disposal of wastes, the discharge of effluent into waterways, the emission of substances into the air and various health and safety matters. The Company's subsidiaries expect to incur substantial costs for ongoing compliance with such laws and regulations. The Company's subsidiaries may also face governmental or third-party claims, or otherwise incur costs, relating to cleanup of, or for injuries resulting from, contamination at sites associated with past and present operations. The Company accrues for environmental liabilities when a determination can be made that a liability is probable and reasonably estimable.

Environmental and Other Liabilities Retained or Assumed by Others. The Company's subsidiaries have agreements with former owners of certain of their operating locations under which the former owners retained, assumed and/or agreed to indemnify such subsidiaries against certain environmental and other liabilities. The most significant of these agreements was entered into at Koppers Inc.'s formation on December 29, 1988 (the "Acquisition"). Under the related asset purchase agreement between Koppers Inc. and Beazer East, subject to certain limitations, Beazer East retained the responsibility for and agreed to indemnify Koppers Inc. against certain liabilities, damages, losses and costs, including, with certain limited exceptions, liabilities under and costs to comply with environmental laws to the extent attributable to acts or omissions occurring prior to the Acquisition and liabilities related to products sold by Beazer East prior to the Acquisition (the "Indemnity"). Beazer Limited, the parent company of Beazer East, unconditionally guaranteed Beazer East's performance of the Indemnity pursuant to a guarantee (the "Guarantee"). In 1998, the parent company of Beazer East purchased an insurance policy under which the funding and risk of certain environmental and other liabilities relating to the former Koppers Company, Inc. operations of Beazer East (which includes locations purchased from Beazer East by Koppers Inc.) are underwritten by Centre Solutions (a member of the Zurich Group) and Swiss Re. Beazer East is a wholly-owned, indirect subsidiary of Heidelberg Cement AG.

The Indemnity provides different mechanisms, subject to certain limitations, by which Beazer East is obligated to indemnify Koppers Inc. with regard to certain environmental, product and other liabilities and imposes certain conditions on Koppers Inc. before receiving such indemnification, including, in some cases, certain limitations regarding the time period as to which claims for indemnification can be brought. In July 2004, Koppers Inc. and Beazer East agreed to amend the environmental indemnification provisions of the December 29, 1988 asset purchase agreement to extend the indemnification period for pre-closing environmental liabilities through July 2019. As consideration for the amendment, Koppers Inc. paid Beazer East a total of \$7.0 million and agreed to share toxic tort litigation defense costs arising from any sites acquired from Beazer East. The July 2004 amendment did not change the provisions of the Indemnity with respect to indemnification for non-environmental claims, such as product liability claims, which claims may continue to be asserted after July 2019.

Qualified expenditures under the Indemnity are not subject to a monetary limit. Qualified expenditures under the Indemnity include (i) environmental cleanup liabilities required by third parties, such as investigation, remediation and closure costs, relating to pre-December 29, 1988 or ("Pre-Closing") acts or omissions of Beazer East or its predecessors; (ii) environmental claims by third parties for personal injuries, property damages and natural resources damages relating to Pre-Closing acts or omissions of Beazer East or its predecessors; (iii) punitive damages for the acts or omissions of Beazer East and its predecessors without regard to the date of the alleged conduct and (iv) product liability claims for products sold by Beazer East or its predecessors without regard to the date of the alleged conduct. If the third party claims described in sections (i) and (ii) above are not made by July 2019, Beazer East will not be required to pay the costs arising from such claims under the Indemnity. However, with respect to any such claims which are made by July 2019, Beazer East will continue to be responsible for such

claims under the Indemnity beyond July 2019. The Indemnity provides for the resolution of issues between Koppers Inc. and Beazer East by an arbitrator on an expedited basis upon the request of either party. The arbitrator could be asked, among other things, to make a determination regarding the allocation of environmental responsibilities between Koppers Inc. and Beazer East. Arbitration decisions under the Indemnity are final and binding on the parties.

Contamination has been identified at most manufacturing and other sites of the Company's subsidiaries. One site currently owned and operated by Koppers Inc. in the United States is listed on the National Priorities List promulgated under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"). Currently, at the properties acquired from Beazer East (which include all of the National Priorities List sites and all but one of the sites permitted under the Resource Conservation and Recovery Act ("RCRA")), a significant portion of all investigative, cleanup and closure activities are being conducted and paid for by Beazer East pursuant to the terms of the Indemnity. In addition, other of Koppers Inc.'s sites are or have been operated under RCRA and various other environmental permits, and remedial and closure activities are being conducted at some of these sites.

To date, the parties that retained, assumed and/or agreed to indemnify the Company against the liabilities referred to above, including Beazer East, have performed their obligations in all material respects. The Company believes that, for the last three years ended December 31, 2013, amounts paid by Beazer East as a result of its environmental remediation obligations under the Indemnity have averaged in total approximately \$15 million per year. Periodically, issues have arisen between Koppers Inc. and Beazer East and/or other indemnitors that have been resolved without arbitration. Koppers Inc. and Beazer East engage in discussions from time to time that involve, among other things, the allocation of environmental costs related to certain operating and closed facilities.

If for any reason (including disputed coverage or financial incapability) one or more of such parties fail to perform their obligations and the Company or its subsidiaries are held liable for or otherwise required to pay all or part of such liabilities without reimbursement, the imposition of such liabilities on the Company or its subsidiaries could have a material adverse effect on its business, financial condition, cash flows and results of operations. Furthermore, the Company could be required to record a contingent liability on its balance sheet with respect to such matters, which could result in a negative impact to the Company's business, financial condition, cash flows and results of operations.

Domestic Environmental Matters. Koppers Inc. has been named as one of the potentially responsible parties ("PRPs") at the Portland Harbor CERCLA site located on the Willamette River in Oregon. Koppers Inc. currently maintains a coal tar pitch terminal near the site. Koppers Inc. has responded to an Environmental Protection Agency ("EPA") information request and has executed a PRP agreement which outlines the process to develop an allocation of past and future costs among more than 80 parties to the site. Koppers Inc. believes it is a *de minimus* contributor at the site. Additionally, a separate natural resources damages assessment ("NRDA") is being conducted by a local trustee group. The NRDA is intended to identify further information necessary to estimate liabilities for remediation based settlements of national resource damages ("NRD") claims. Koppers Inc. may also incur liabilities under the NRD process and has entered into a separate process to develop an allocation of NRD cost.

In March 2012, a draft Feasibility Study ("FS") was submitted to EPA by the Lower Willamette Group, a group of certain PRPs which has been conducting the investigation of the site. The draft FS identifies ten possible remedial alternatives which range in cost from approximately \$170 million to \$1.8 billion. The FS does not determine who is responsible for remediation costs or select remedies. The FS is under review by the EPA which will issue a final decision on the nature and extent of the final remediation. Responsibility for implementing and funding that work will be decided in the separate allocation process.

In September 2009, Koppers Inc. received a general notice letter notifying it that it may be a PRP at the Newark Bay CERCLA site. In January 2010, Koppers Inc. submitted a response to the general notice letter asserting that Koppers Inc. is a *de minimus* party at this site.

Other than the estimated costs of participating in the PRP group at the Portland Harbor and Newark Bay CERCLA sites totaling \$1.0 million at March 31, 2014, the Company has not provided a reserve for these matters because there has not been a determination of the total cost of the investigations, the remediation that will be required, the amount of natural resources damages or how those costs will be allocated among the PRPs. Accordingly, the Company believes that it cannot reasonably determine the probability of a loss, and the amount of loss, if any, cannot be reasonably estimated. An unfavorable resolution of these matters may have a material adverse effect on the Company's business, financial condition, cash flows and results of operations.

Australian Environmental Matters. Soil and groundwater contamination has been detected at certain of the Company's Australian facilities. At the Company's tar distillation facility in Newcastle, New South Wales, Australia, soil contamination from an abandoned underground coal tar pipeline and other groundwater contamination have been detected at a property adjacent to the facility. In 2011, the Company and the owner of the adjacent property reached an agreement in which the Company will contribute \$1.6 million and the owner of the adjacent property will contribute \$7.5 million toward remediation of the property. The agreement provides that the Company will assume responsibility for the management of the remediation effort and will indemnify the current owner for any remediation costs in excess of its agreed contribution. At the completion of the remediation, the agreement provides that the property will be transferred to the Company. The remediation project commenced in 2011 and the Company has reserved its expected remaining remediation costs of \$4.2 million and has recorded a receivable, net of cash collections, from the owner of the adjacent property of \$2.8 million as of March 31, 2014.

In December 2011, the Company ceased manufacturing operations at its Continental Carbon facility located in Kurnell, Australia. The Company has accrued its expected cost of site remediation resulting from the closure of \$5.9 million as of March 31, 2014.

Environmental Reserves Rollforward. The following table reflects changes in the accrued liability for environmental matters, of which \$8.7 million and \$8.2 million are classified as current liabilities at March 31, 2014 and December 31, 2013, respectively:

	<u>March 31,</u> <u>2014</u>	<u>Period ended</u> <u>December 31,</u> <u>2013</u>
<i>(Dollars in millions)</i>		
Balance at beginning of year	\$ 11.9	\$ 14.1
Expense	0.1	1.8
Reversal of reserves	0.0	(1.2)
Cash expenditures	(0.1)	(0.9)
Currency translation	0.5	(1.9)
Balance at end of period	\$ 12.4	\$ 11.9

18. Subsidiary Guarantor Information for Koppers Inc. Senior Notes

On December 1, 2009, Koppers Inc. issued \$300.0 million principal value of Senior Notes. Koppers Holdings and each of Koppers Inc.'s 100 percent-owned material domestic subsidiaries other than Koppers Assurance, Inc. fully and unconditionally guarantee the payment of principal and interest on the Senior Notes. The domestic guarantor subsidiaries include Koppers World-Wide Ventures Corporation, Koppers Delaware, Inc., Koppers Concrete Products, Inc., Concrete Partners, Inc., and Koppers Asia LLC. Non-guarantor subsidiaries are owned directly by Koppers Inc. or are owned directly or indirectly by Koppers World-Wide Ventures Corporation.

The guarantee of a guarantor subsidiary will be automatically and unconditionally released and discharged in the event of:

- any sale of the capital stock or substantially all of the assets of the guarantor subsidiary;
- the designation of the guarantor subsidiary as an unrestricted subsidiary in accordance with the indenture governing the Senior Notes; and
- the legal defeasance, covenant defeasance or satisfaction and discharge of the indenture governing the Senior Notes.

Koppers Holdings depends on the dividends from the earnings of Koppers Inc. and its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of any declared dividend of Koppers Holdings. Koppers Inc.'s credit agreement prohibits it from making dividend payments to Koppers Holdings Inc. unless (1) such dividend payments are permitted by the indenture governing Koppers Inc.'s Senior Notes and (2) no event of default or potential default has occurred or is continuing under the credit agreement. The indenture governing Koppers Inc.'s Senior Notes restricts its ability to finance Koppers Holdings Inc.'s payment of dividends if (1) a default has occurred or would result from such financing, (2) a restricted subsidiary of Koppers Inc. which is not a guarantor under the indenture is not able to incur additional indebtedness (as defined in the indenture), and (3) the sum of all restricted payments (as defined in the indenture) have exceeded the permitted amount (referred to as the "basket") at such point in time.

The Koppers Inc. revolving credit facility agreement provides for a revolving credit facility of up to \$350.0 million at variable interest rates. Borrowings under the revolving credit facility are secured by a first priority lien on substantially all of the assets of Koppers Inc. and its material domestic subsidiaries. The revolving credit facility contains certain covenants for Koppers Inc. and its restricted subsidiaries that limit capital expenditures, additional indebtedness, liens, dividends and investments or acquisitions. In addition, such covenants give rise to events of default upon the failure by Koppers Inc. and its restricted subsidiaries to meet certain financial ratios.

The amount of restricted net assets unavailable for distribution to Koppers Holdings Inc. by Koppers Inc. totals \$154 million as of March 31, 2014. Cash dividends paid to Koppers Holdings Inc. by its subsidiaries totaled \$7.3 million and \$6.7 million for the three months ended March 31, 2014 and 2013, respectively.

Separate condensed consolidating financial statement information for Koppers Holdings Inc. (the parent), Koppers Inc., domestic guarantor subsidiaries and non-guarantor subsidiaries as of March 31, 2014 and December 31, 2013 and for the three months ended March 31, 2014 and 2013 is as follows. The condensed consolidating statement of comprehensive income for the three months ended March 31, 2013 has been restated to revise the presentation of net income and related investments in subsidiaries under the equity method of accounting. This restatement changed the previously reported amounts for equity income, other income, interest expense, net income attributable to Koppers, comprehensive income attributable to Koppers and other related subtotals in the following columns: Parent, Koppers Inc., Domestic Guarantor Subsidiaries and Consolidating Adjustments. There was no change to amounts previously reported for the Consolidated totals.

The condensed consolidating statement of cash flows for the three months ended March 31, 2013 has been restated to revise the presentation of intercompany dividends and intercompany lending agreements. This restatement changed the previously reported amounts for cash provided by or used in operating activities, investing activities and financing activities in the following columns: Koppers Inc., Domestic Guarantor Subsidiaries, Non-Guarantor Subsidiaries and Consolidating Adjustments. There was no change to amounts previously reported for the Parent or Consolidated columns except for rounding differences. There was no impact on the net increase or decrease in cash for any column.

Condensed Consolidating Statement of Comprehensive Income
For the Three Months Ended March 31, 2014

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>						
Net sales	\$ 0.0	\$ 177.6	\$ 10.7	\$ 153.9	\$ (10.8)	\$ 331.4
Cost of sales including depreciation and amortization	0.0	160.9	6.9	152.5	(10.8)	309.5
Selling, general and administrative	0.5	13.5	0.3	7.1	0.0	21.4
Operating profit (loss)	(0.5)	3.2	3.5	(5.7)	0.0	0.5
Other income (expense)	0.0	0.0	0.9	0.3	(1.0)	0.2
Equity income of subsidiaries	2.5	2.3	(8.2)	0.0	3.4	0.0
Interest expense (income)	0.0	6.8	0.0	1.0	(1.0)	6.8
Income taxes	(0.2)	(3.7)	(6.0)	3.9	0.0	(6.0)
Income from continuing operations	2.2	2.4	2.2	(10.3)	3.4	(0.1)
Noncontrolling interests	0.0	0.0	0.0	(2.3)	0.0	(2.3)
Net income attributable to Koppers	\$ 2.2	\$ 2.4	\$ 2.2	\$ (8.0)	\$ 3.4	\$ 2.2
Comprehensive income attributable to Koppers	\$ 5.3	\$ 5.6	\$ 4.9	\$ 0.2	\$ (10.7)	\$ 5.3

Condensed Consolidating Statement of Comprehensive Income
For the Three Months Ended March 31, 2013

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>						
Net sales	\$ 0.0	\$ 204.4	\$ 22.2	\$ 161.9	\$ (18.1)	\$ 370.4
Cost of sales including depreciation and amortization	0.0	183.0	17.4	145.4	(18.0)	327.8
Selling, general and administrative	0.5	9.7	0.4	7.1	0.0	17.7
Operating profit (loss)	(0.5)	11.7	4.4	9.4	(0.1)	24.9
Other income (expense)	0.0	0.1	1.1	0.4	(1.1)	0.5
Equity income of subsidiaries	11.4	11.1	5.6	0.0	(28.1)	0.0
Interest expense (income)	0.1	6.8	0.0	1.1	(1.1)	6.9
Income taxes	(0.2)	4.7	0.1	2.5	0.0	7.1
Income from continuing operations	11.0	11.4	11.0	6.2	(28.2)	11.4
Discontinued operations	0.0	0.0	0.0	0.1	0.0	0.1
Noncontrolling interests	0.0	0.0	0.0	0.5	0.0	0.5
Net income attributable to Koppers	\$11.0	\$ 11.4	\$ 11.0	\$ 5.8	\$ (28.2)	\$ 11.0
Comprehensive income attributable to Koppers	\$ 9.3	\$ 9.5	\$ 8.1	\$ (3.6)	\$ (14.0)	\$ 9.3

Condensed Consolidating Balance Sheet
 March 31, 2014

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>						
ASSETS						
Cash and cash equivalents	\$ 0.0	\$ 0.0	\$ 0.0	\$ 54.7	\$ 0.0	\$ 54.7
Receivables, net	0.0	84.5	3.0	80.9	0.0	168.4
Affiliated receivables	0.0	5.3	6.3	4.8	(16.4)	0.0
Inventories, net	0.0	94.5	0.0	98.9	(0.2)	193.2
Deferred tax assets	0.0	7.9	3.9	0.6	0.0	12.4
Other current assets	0.0	5.8	0.5	34.6	0.0	40.9
Total current assets	0.0	198.0	13.7	274.5	(16.6)	469.6
Equity investments	174.2	338.5	185.2	4.8	(696.0)	6.7
Property, plant and equipment, net	0.0	110.8	0.1	91.6	0.0	202.5
Goodwill	0.0	39.8	0.0	35.2	0.0	75.0
Deferred tax assets	0.0	3.8	2.3	8.6	0.0	14.7
Affiliated loan receivables	0.0	36.8	146.1	40.5	(223.4)	0.0
Other noncurrent assets	0.0	14.4	0.0	18.3	0.0	32.7
Total assets	\$174.2	\$ 742.1	\$ 347.4	\$ 473.5	\$ (936.0)	\$ 801.2
LIABILITIES AND EQUITY						
Accounts payable	\$ 0.1	\$ 45.9	\$ 2.6	\$ 43.2	\$ 0.0	\$ 91.8
Affiliated payables	0.0	9.7	1.7	10.2	(21.6)	0.0
Accrued liabilities	4.9	30.6	0.3	52.7	0.0	88.5
Total current liabilities	5.0	86.2	4.6	106.1	(21.6)	180.3
Long-term debt	0.0	311.7	0.0	28.3	0.0	340.0
Affiliated debt	0.0	111.9	36.8	74.7	(223.4)	0.0
Other long-term liabilities	0.0	63.3	2.6	28.6	0.0	94.5
Total liabilities	5.0	573.1	44.0	237.7	(245.0)	614.8
Koppers shareholders' equity	169.2	169.0	303.4	218.6	(691.0)	169.2
Noncontrolling interests	0.0	0.0	0.0	17.2	0.0	17.2
Total liabilities and equity	\$174.2	\$ 742.1	\$ 347.4	\$ 473.5	\$ (936.0)	\$ 801.2

Condensed Consolidating Balance Sheet
December 31, 2013

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>						
ASSETS						
Cash and cash equivalents	\$ 0.0	\$ 29.9	\$ 0.1	\$ 52.2	\$ 0.0	\$ 82.2
Receivables, net	0.0	75.6	9.3	82.0	0.0	166.9
Affiliated receivables	0.2	1.1	3.9	2.3	(7.5)	0.0
Inventories, net	0.0	86.1	0.0	82.9	(0.2)	168.8
Deferred tax assets	0.0	7.9	1.5	0.6	0.0	10.0
Other current assets	0.0	7.3	0.6	37.3	0.0	45.2
Total current assets	0.2	207.9	15.4	257.3	(7.7)	473.1
Equity investments	174.7	333.5	182.9	4.6	(689.1)	6.6
Property, plant and equipment, net	0.0	112.2	0.0	84.8	0.0	197.0
Goodwill	0.0	39.8	0.0	32.9	0.0	72.7
Deferred tax assets	0.0	2.4	(1.4)	8.3	0.0	9.3
Affiliated loan receivables	0.0	8.5	123.8	40.9	(173.2)	0.0
Other noncurrent assets	0.0	15.0	0.0	11.2	0.0	26.2
Total assets	\$174.9	\$ 719.3	\$ 320.7	\$ 440.0	\$ (870.0)	\$ 784.9
LIABILITIES AND EQUITY						
Accounts payable	\$ 0.0	\$ 48.3	\$ 6.7	\$ 52.6	\$ 0.0	\$ 107.6
Affiliated payables	0.0	1.9	4.0	8.6	(14.5)	0.0
Accrued liabilities	5.1	27.8	0.5	54.1	0.0	87.5
Total current liabilities	5.1	78.0	11.2	115.3	(14.5)	195.1
Long-term debt	0.0	296.5	0.0	6.6	0.0	303.1
Affiliated debt	0.0	109.5	8.5	55.2	(173.2)	0.0
Other long-term liabilities	0.0	67.6	2.5	26.8	0.0	96.9
Total liabilities	5.1	551.6	22.2	203.9	(187.7)	595.1
Koppers shareholders' equity	169.8	167.7	298.5	216.1	(682.3)	169.8
Noncontrolling interests	0.0	0.0	0.0	20.0	0.0	20.0
Total liabilities and equity	\$174.9	\$ 719.3	\$ 320.7	\$ 440.0	\$ (870.0)	\$ 784.9

Condensed Consolidating Statement of Cash Flows
For the Three Months Ended March 31, 2014

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>						
Cash provided by (used in) operating activities	\$ 7.0	\$ (8.0)	\$ 5.8	\$ (6.7)	\$ (11.8)	\$ (13.7)
Cash provided by (used in) investing activities:						
Capital expenditures and acquisitions	0.0	(3.2)	(14.9)	(41.1)	14.8	(44.4)
(Loans to) repayments from affiliates	0.0	(28.5)	(19.5)	0.4	47.6	0.0
Net cash proceeds (payments) from divestitures and asset sales	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by (used in) investing activities	0.0	(31.7)	(34.4)	(40.7)	62.4	(44.4)
Cash provided by (used in) financing activities:						
Borrowings (repayments) of long-term debt	0.0	15.0	0.0	22.2	0.0	37.2
Borrowings (repayments) of affiliated debt	0.0	2.1	28.5	17.0	(47.6)	0.0
Dividends paid	(5.0)	(7.3)	0.0	(4.5)	11.8	(5.0)
Stock issued (repurchased)	(2.0)	0.0	0.0	14.8	(14.8)	(2.0)
Net cash provided by (used in) financing activities	(7.0)	9.8	28.5	49.5	(50.6)	30.2
Effect of exchange rates on cash	0.0	0.0	0.0	0.4	0.0	0.4
Net increase (decrease) in cash and cash equivalents	0.0	(29.9)	(0.1)	2.5	0.0	(27.5)
Cash and cash equivalents at beginning of year	0.0	29.9	0.1	52.2	0.0	82.2
Cash and cash equivalents at end of period	\$ 0.0	\$ 0.0	\$ 0.0	\$ 54.7	\$ 0.0	\$ 54.7

Condensed Consolidating Statement of Cash Flows
For the Three Months Ended March 31, 2013

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>						
Cash provided by (used in) operating activities	\$ 6.4	\$ 5.4	\$ 4.1	\$ (0.4)	\$ (9.8)	\$ 5.7
Cash provided by (used in) investing activities:						
Capital expenditures and acquisitions	0.0	(3.5)	0.0	(2.9)	0.0	(6.4)
(Loans to) repayments from affiliates	0.0	0.1	(3.9)	0.3	3.5	0.0
Net cash proceeds (payments) from divestitures and asset sales	0.0	0.1	0.0	0.1	0.0	0.2
Net cash provided by (used in) investing activities	0.0	(3.3)	(3.9)	(2.5)	3.5	(6.2)
Cash provided by (used in) financing activities:						
Borrowings (repayments) of affiliated debt	0.0	3.6	(0.1)	0.0	(3.5)	0.0
Deferred financing costs	0.0	(1.1)	0.0	0.0	0.0	(1.1)
Dividends paid	(5.0)	(6.7)	0.0	(3.1)	9.8	(5.0)
Stock issued (repurchased)	(1.4)	0.0	0.0	0.0	0.0	(1.4)
Net cash provided by (used in) financing activities	(6.4)	(4.2)	(0.1)	(3.1)	6.3	(7.5)
Effect of exchange rates on cash	0.0	0.0	0.0	(2.0)	0.0	(2.0)
Net increase (decrease) in cash and cash equivalents	0.0	(2.1)	0.1	(8.0)	0.0	(10.0)
Cash and cash equivalents at beginning of year	0.0	4.8	0.0	61.9	0.0	66.7
Cash and cash equivalents at end of period	\$ 0.0	\$ 2.7	\$ 0.1	\$ 53.9	\$ 0.0	\$ 56.7

19. Subsidiary Guarantor Information for Shelf Registration

Under a registration statement on Form S-3, Koppers Holdings may sell a combination of securities, including common stock, debt securities, preferred stock, depository shares, warrants and units, from time to time in one or more offerings. In addition, Koppers Inc. may sell debt securities from time to time under the registration statement. Debt securities may be fully and unconditionally guaranteed, on a joint and several basis, by Koppers Holdings, Koppers Inc. and/or other guarantor subsidiaries which will correspond to certain subsidiaries in the United States, Europe and Australia which are 100 percent owned by either Koppers Holdings or Koppers Inc. The non-guarantor subsidiaries consist of certain subsidiaries in the United States, China, India and Mauritius. Non-guarantor subsidiaries are owned directly by Koppers Inc. or are owned directly or indirectly by foreign guarantor subsidiaries. The guarantor subsidiaries that issue guarantees, if any, will be determined when a debt offering actually occurs under the registration statement and accordingly, the condensed consolidating financial information for subsidiary guarantors will be revised to identify the subsidiaries that actually provided guarantees. These guarantees will be governed pursuant to a supplement indenture which the trustee and the issuing company would enter into concurrent with the debt offering.

Koppers Holdings depends on the dividends from the earnings of Koppers Inc. and its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of any declared dividend of Koppers Holdings. Koppers Inc.'s credit agreement prohibits it from making dividend payments to Koppers Holdings Inc. unless (1) such dividend payments are permitted by the indenture governing Koppers Inc.'s Senior Notes and (2) no event of default or potential default has occurred or is continuing under the credit agreement. The indenture governing Koppers Inc.'s Senior Notes restricts its ability to finance Koppers Holdings Inc.'s payment of dividends if (1) a default has occurred or would result from such financing, (2) a restricted subsidiary of Koppers Inc. which is not a guarantor under the indenture is not able to incur additional indebtedness (as defined in the indenture), and (3) the sum of all restricted payments (as defined in the indenture) have exceeded the permitted amount (referred to as the "basket") at such point in time.

The Koppers Inc. revolving credit facility agreement provides for a revolving credit facility of up to \$350.0 million at variable interest rates. Borrowings under the revolving credit facility are secured by a first priority lien on substantially all of the assets of Koppers Inc. and its material domestic subsidiaries. The revolving credit facility contains certain covenants for Koppers Inc. and its restricted subsidiaries that limit capital expenditures, additional indebtedness, liens, dividends and investments or acquisitions. In addition, such covenants give rise to events of default upon the failure by Koppers Inc. and its restricted subsidiaries to meet certain financial ratios.

The amount of restricted net assets unavailable for distribution to Koppers Holdings Inc. by its subsidiaries totals approximately \$154 million as of March 31, 2014. Cash dividends paid to Koppers Holdings Inc. by its subsidiaries totaled \$7.3 million and \$6.7 million for the three months ended March 31, 2014 and 2013, respectively.

Separate condensed consolidating financial statement information for the parent, Koppers Inc., domestic guarantor subsidiaries, foreign guarantor subsidiaries and non-guarantor subsidiaries as of March 31, 2014 and December 31, 2013 and for the three months ended March 31, 2014 and 2013 is as follows. The condensed consolidating statement of comprehensive income for the three months ended March 31, 2013 has been restated to revise the presentation of net income and related investments in subsidiaries under the equity method of accounting. This restatement changed the previously reported amounts for equity income, other income, interest expense, net income attributable to Koppers, comprehensive income attributable to Koppers and other related subtotals in the following columns: Koppers Inc., Domestic Guarantor Subsidiaries, Foreign Guarantor Subsidiaries and Consolidating Adjustments. There was no change to amounts previously reported for the Consolidated totals.

The condensed consolidating statement of cash flows for the three months ended March 31, 2013 has been restated to revise the presentation of intercompany dividends and intercompany lending agreements. This restatement changed the previously reported amounts for cash provided by or used in operating activities, investing activities and financing activities in the following columns: Koppers Inc., Domestic Guarantor Subsidiaries, Foreign Guarantor Subsidiaries, Non-Guarantor Subsidiaries and Consolidating Adjustments. There was no change to amounts previously reported for the Parent or Consolidated columns except for rounding differences. There was no impact on the net increase or decrease in cash for any column.

Condensed Consolidating Statement of Comprehensive Income
For the Three Months Ended March 31, 2014

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Foreign Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>							
Net sales	\$ 0.0	\$ 177.6	\$ 10.7	\$ 113.1	\$ 40.8	\$ (10.8)	\$ 331.4
Cost of sales including depreciation and amortization	0.0	160.9	6.9	108.1	44.4	(10.8)	309.5
Selling, general and administrative	0.5	13.5	0.3	5.8	1.3	0.0	21.4
Operating profit (loss)	(0.5)	3.2	3.5	(0.8)	(4.9)	0.0	0.5
Other income (expense)	0.0	0.0	0.9	0.0	0.3	(1.0)	0.2
Equity income of subsidiaries	2.5	2.3	(8.2)	(3.4)	0.0	6.8	0.0
Interest expense (income)	0.0	6.8	0.0	0.6	0.4	(1.0)	6.8
Income taxes	(0.2)	(3.7)	(6.0)	3.3	0.6	0.0	(6.0)
Income from continuing operations	2.2	2.4	2.2	(8.1)	(5.6)	6.8	(0.1)
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Noncontrolling interests	0.0	0.0	0.0	0.0	(2.3)	0.0	(2.3)
Net income attributable to Koppers	\$ 2.2	\$ 2.4	\$ 2.2	\$ (8.1)	\$ (3.3)	\$ 6.8	\$ 2.2
Comprehensive income attributable to Koppers	\$ 5.3	\$ 5.6	\$ 4.9	\$ (6.1)	\$ (0.9)	\$ (3.5)	\$ 5.3

Condensed Consolidating Statement of Comprehensive Income
For the Three Months Ended March 31, 2013

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Foreign Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>							
Net sales	\$ 0.0	\$ 204.4	\$ 22.2	\$ 121.5	\$ 40.7	\$ (18.4)	\$ 370.4
Cost of sales including depreciation and amortization	0.0	183.0	17.4	107.7	38.0	(18.3)	327.8
Selling, general and administrative	0.5	9.7	0.4	6.0	1.1	0.0	17.7
Operating profit (loss)	(0.5)	11.7	4.4	7.8	1.6	(0.1)	24.9
Other income (expense)	0.0	0.1	1.1	0.0	0.4	(1.1)	0.5
Equity income of subsidiaries	11.4	11.1	5.6	0.5	0.0	(28.6)	0.0
Interest expense (income)	0.1	6.8	0.0	0.8	0.3	(1.1)	6.9
Income taxes	(0.2)	4.7	0.1	2.0	0.5	0.0	7.1
Income from continuing operations	11.0	11.4	11.0	5.5	1.2	(28.7)	11.4
Discontinued operations	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Noncontrolling interests	0.0	0.0	0.0	0.0	0.5	0.0	0.5
Net income attributable to Koppers	\$11.0	\$ 11.4	\$ 11.0	\$ 5.6	\$ 0.7	\$ (28.7)	\$ 11.0
Comprehensive income attributable to Koppers	\$ 9.3	\$ 9.6	\$ 8.2	\$ 1.8	\$ 0.1	\$ (19.7)	\$ 9.3

Condensed Consolidating Balance Sheet
March 31, 2014

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Foreign Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>							
ASSETS							
Cash and cash equivalents	\$ 0.0	\$ 0.0	\$ 0.0	\$ 41.8	\$ 12.9	\$ 0.0	\$ 54.7
Receivables, net	0.0	84.5	3.0	51.5	29.4	0.0	168.4
Affiliated receivables	0.0	5.3	6.3	3.6	1.3	(16.5)	0.0
Inventories, net	0.0	94.5	0.0	75.0	23.9	(0.2)	193.2
Deferred tax assets	0.0	7.9	3.9	0.0	0.6	0.0	12.4
Other current assets	0.0	5.8	0.5	16.8	17.8	0.0	40.9
Total current assets	0.0	198.0	13.7	188.7	85.9	(16.7)	469.6
Equity investments	174.2	338.5	185.2	46.2	4.8	(742.2)	6.7
Property, plant and equipment, net	0.0	110.8	0.1	39.3	52.3	0.0	202.5
Goodwill	0.0	39.8	0.0	32.4	2.8	0.0	75.0
Deferred tax assets	0.0	3.8	2.3	5.6	3.0	0.0	14.7
Affiliated loan receivables	0.0	36.8	146.1	0.1	40.4	(223.4)	0.0
Other noncurrent assets	0.0	14.4	0.0	10.2	8.1	0.0	32.7
Total assets	\$174.2	\$ 742.1	\$ 347.4	\$ 322.5	\$ 197.3	\$ (982.3)	\$ 801.2
LIABILITIES AND EQUITY							
Accounts payable	\$ 0.1	\$ 45.9	\$ 2.6	\$ 32.8	\$ 10.4	\$ 0.0	\$ 91.8
Affiliated payables	0.0	9.7	1.7	1.2	9.0	(21.6)	0.0
Accrued liabilities	4.9	30.6	0.3	41.8	10.9	0.0	88.5
Total current liabilities	5.0	86.2	4.6	75.8	30.3	(21.6)	180.3
Long-term debt	0.0	311.7	0.0	0.0	28.3	0.0	340.0
Affiliated debt	0.0	111.9	36.8	57.6	17.1	(223.4)	0.0
Other long-term liabilities	0.0	63.3	2.6	20.4	8.2	0.0	94.5
Total liabilities	5.0	573.1	44.0	153.8	83.9	(245.0)	614.8
Koppers shareholders' equity	169.2	169.0	303.4	168.7	96.2	(737.3)	169.2
Noncontrolling interests	0.0	0.0	0.0	0.0	17.2	0.0	17.2
Total liabilities and equity	\$174.2	\$ 742.1	\$ 347.4	\$ 322.5	\$ 197.3	\$ (982.3)	\$ 801.2

Condensed Consolidating Balance Sheet
December 31, 2013

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Foreign Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>							
ASSETS							
Cash and cash equivalents	\$ 0.0	\$ 29.9	\$ 0.1	\$ 43.5	\$ 8.7	\$ 0.0	\$ 82.2
Receivables, net	0.0	75.6	9.3	55.5	26.5	0.0	166.9
Affiliated receivables	0.2	1.1	3.9	0.8	1.6	(7.6)	0.0
Inventories, net	0.0	86.1	0.0	75.2	7.7	(0.2)	168.8
Deferred tax assets	0.0	7.9	1.5	0.0	0.6	0.0	10.0
Other current assets	0.0	7.3	0.6	17.5	19.8	0.0	45.2
Total current assets	0.2	207.9	15.4	192.5	64.9	(7.8)	473.1
Equity investments	174.7	333.5	182.9	50.5	4.5	(739.5)	6.6
Property, plant and equipment, net	0.0	112.2	0.0	38.1	46.7	0.0	197.0
Goodwill	0.0	39.8	0.0	31.5	1.4	0.0	72.7
Deferred tax assets	0.0	2.4	(1.4)	5.5	2.8	0.0	9.3
Affiliated loan receivables	0.0	8.5	123.8	0.1	40.8	(173.2)	0.0
Other noncurrent assets	0.0	15.0	0.0	9.9	1.3	0.0	26.2
Total assets	\$174.9	\$ 719.3	\$ 320.7	\$ 328.1	\$ 162.4	\$ (920.5)	\$ 784.9
LIABILITIES AND EQUITY							
Accounts payable	\$ 0.0	\$ 48.3	\$ 6.7	\$ 40.6	\$ 12.0	\$ 0.0	\$ 107.6
Affiliated payables	0.0	1.9	4.0	0.4	8.4	(14.7)	0.0
Accrued liabilities	5.1	27.8	0.5	31.4	22.7	0.0	87.5
Total current liabilities	5.1	78.0	11.2	72.4	43.1	(14.7)	195.1
Long-term debt	0.0	296.5	0.0	0.0	6.6	0.0	303.1
Affiliated debt	0.0	109.5	8.5	55.2	0.0	(173.2)	0.0
Other long-term liabilities	0.0	67.6	2.5	19.6	7.2	0.0	96.9
Total liabilities	5.1	551.6	22.2	147.2	56.9	(187.9)	595.1
Koppers shareholders' equity	169.8	167.7	298.5	180.9	85.5	(732.6)	169.8
Noncontrolling interests	0.0	0.0	0.0	0.0	20.0	0.0	20.0
Total liabilities and equity	\$174.9	\$ 719.3	\$ 320.7	\$ 328.1	\$ 162.4	\$ (920.5)	\$ 784.9

Condensed Consolidating Statement of Cash Flows
For the Three Months Ended March 31, 2014

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Foreign Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>							
Cash provided by (used in) operating activities	\$ 7.0	\$ (8.0)	\$ 5.8	\$ 4.8	\$ (11.5)	\$ (11.8)	\$ (13.7)
Cash provided by (used in) investing activities:							
Capital expenditures and acquisitions	0.0	(3.2)	(14.9)	(2.7)	(38.4)	14.8	(44.4)
(Loans to) repayments from affiliates	0.0	(28.5)	(19.5)	0.0	0.4	47.6	0.0
Net cash proceeds (payments) from divestitures and asset sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by (used in) investing activities	0.0	(31.7)	(34.4)	(2.7)	(38.0)	62.4	(44.4)
Cash provided by (used in) financing activities:							
Borrowings (repayments) of long-term debt	0.0	15.0	0.0	0.0	22.2	0.0	37.2
Borrowings (repayments) of affiliated debt	0.0	2.1	28.5	0.0	17.0	(47.6)	0.0
Dividends paid	(5.0)	(7.3)	0.0	(4.5)	0.0	11.8	(5.0)
Stock issued (repurchased)	(2.0)	0.0	0.0	0.0	14.8	(14.8)	(2.0)
Net cash provided by (used in) financing activities	(7.0)	9.8	28.5	(4.5)	54.0	(50.6)	30.2
Effect of exchange rates on cash	0.0	0.0	0.0	0.7	(0.3)	0.0	0.4
Net increase (decrease) in cash and cash equivalents	0.0	(29.9)	(0.1)	(1.7)	4.2	0.0	(27.5)
Cash and cash equivalents at beginning of year	0.0	29.9	0.1	43.5	8.7	0.0	82.2
Cash and cash equivalents at end of period	\$ 0.0	\$ 0.0	\$ 0.0	\$ 41.8	\$ 12.9	\$ 0.0	\$ 54.7

Condensed Consolidating Statement of Cash Flows
For the Three Months Ended March 31, 2013

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Foreign Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>							
Cash provided by (used in) operating activities	\$ 6.4	\$ 5.4	\$ 4.1	\$ 3.2	\$ (3.6)	\$ (9.8)	\$ 5.7
Cash provided by (used in) investing activities:							
Capital expenditures and acquisitions	0.0	(3.5)	0.0	(1.0)	(1.9)	0.0	(6.4)
(Loans to) repayments from affiliates	0.0	0.1	(3.9)	0.0	0.3	3.5	0.0
Net cash proceeds (payments) from divestitures and asset sales	0.0	0.1	0.0	0.1	0.0	0.0	0.2
Net cash provided by (used in) investing activities	0.0	(3.3)	(3.9)	(0.9)	(1.6)	3.5	(6.2)
Cash provided by (used in) financing activities:							
Borrowings (repayments) of affiliated debt	0.0	3.6	(0.1)	0.0	0.0	(3.5)	0.0
Deferred financing costs	0.0	(1.1)	0.0	0.0	0.0	0.0	(1.1)
Dividends paid	(5.0)	(6.7)	0.0	(3.1)	0.0	9.8	(5.0)
Stock issued (repurchased)	(1.4)	0.0	0.0	0.0	0.0	0.0	(1.4)
Net cash provided by (used in) financing activities	(6.4)	(4.2)	(0.1)	(3.1)	0.0	6.3	(7.5)
Effect of exchange rates on cash	0.0	0.0	0.0	(2.0)	0.0	0.0	(2.0)
Net increase (decrease) in cash and cash equivalents	0.0	(2.1)	0.1	(2.8)	(5.2)	0.0	(10.0)
Cash and cash equivalents at beginning of year	0.0	4.8	0.0	40.7	21.2	0.0	66.7
Cash and cash equivalents at end of period	\$ 0.0	\$ 2.7	\$ 0.1	\$ 37.9	\$ 16.0	\$ 0.0	\$ 56.7

20. Related Party Transactions

As of March 31, 2014, the Company has loaned \$9.5 million to TKK, a 30-percent owned company in China. The loan is repayable in November 2014.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report and any documents incorporated herein by reference contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and may include, but are not limited to, statements about sales levels, restructuring, profitability and anticipated expenses and cash outflows. All forward-looking statements involve risks and uncertainties. All statements contained herein that are not clearly historical in nature are forward-looking, and words such as "believe," "anticipate," "expect," "estimate," "may," "will," "should," "continue," "plans," "intends," "likely," or other similar words or phrases are generally intended to identify forward-looking statements. Any forward-looking statement contained herein, in press releases, written statements or documents filed with the Securities and Exchange Commission, or in Koppers communications with and discussions with investors and analysts in the normal course of business through meetings, phone calls and conference calls, regarding expectations with respect to sales, earnings, cash flows, operating efficiencies, product introduction or expansion, the benefits of acquisitions and divestitures or other matters as well as financings and repurchases of debt or equity securities, are subject to known and unknown risks, uncertainties and contingencies. Many of these risks, uncertainties and contingencies are beyond our control, and may cause actual results, performance or achievements to differ materially from anticipated results, performance or achievements. Factors that might affect such forward-looking statements, include, among other things, Koppers may not be able to successfully integrate the wood preservatives business and/or the railroad services business of Osmose or such integration may take longer to accomplish than expected; the expected cost savings and any synergies from the acquisition may not be fully realized within the expected timeframes; disruption from the acquisition may make it more difficult to maintain relationships with clients, associates or suppliers; the required governmental approvals of the acquisition may not be obtained on the proposed terms and schedule; the required financing for the acquisition may not be obtained on the proposed terms and schedule; general economic and business conditions; demand for Koppers goods and services; competitive conditions; interest rate and foreign currency rate fluctuations; availability of key raw materials and unfavorable resolution of claims against us, as well as those discussed more fully elsewhere in this release and in documents filed with the Securities and Exchange Commission by Koppers, particularly our latest annual report on Form 10-K and subsequent filings. We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this report and the documents incorporated by reference herein may not in fact occur. Any forward-looking statements in this report speak only as of the date of this report, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after that date or to reflect the occurrence of unanticipated events.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited financial statements and related notes included in Item 1 of this Part I as well as the audited consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the year ended December 31, 2013.

We are a leading integrated global provider of chemicals, carbon compounds and treated wood products and services. Our products are used in a variety of niche applications in a diverse range of end-markets, including the aluminum, railroad, specialty chemical, utility, rubber, concrete, and steel industries. We serve our customers through a comprehensive global manufacturing and distribution network, with manufacturing facilities located in the United States, Australia, China, the United Kingdom, Denmark and Canada.

We operate two principal businesses: **Carbon Materials and Chemicals ("CMC")** and **Railroad and Utility Products and Services ("RUPS")**.

Through our CMC business, we process coal tar into a variety of products, including carbon pitch, creosote, carbon black feedstock, naphthalene and phthalic anhydride, which are intermediate materials necessary in the production of aluminum, the pressure treatment of wood, the production of carbon black, the production of high-strength concrete, and the production of plasticizers and specialty chemicals, respectively. Through our RUPS business, we believe that we are the largest supplier of railroad crossties to the North American railroads. Our other treated wood products include utility poles for the electric and telephone utility industries in North America and Australia. We also provide rail joint bar products as well as various services to the railroad industry.

In April 2014, we announced that we have signed a stock purchase agreement to acquire the wood preservation and railroad services businesses of Osmose Holdings, Inc. for a base purchase price of \$460 million subject to customary closing conditions.

The base purchase price includes the value of an anticipated 338(h)(10) tax election that is expected to provide cash tax savings over the next 15 years. Revenues for these businesses in 2013 were approximately \$390 million. The closing is expected to occur in the third quarter of 2014. We plan to finance the purchase through a combination of a \$300 million term loan and an increase in our revolving credit facility to \$500 million from \$350 million.

In January 2014, we announced the acquisition of a crosstie treating plant in Ashcroft, British Columbia, Canada from Tolko Industries, Inc. for a purchase price of approximately \$30 million. The facility, which is estimated to provide approximately \$30 million in annual revenue, gives Koppers an operating presence in the Canadian railroad market.

In October 2012 we entered into an agreement with Nippon Steel and Sumikin Chemical ("Nippon") and several other entities to develop and construct a fully integrated coal tar based carbon products complex in Pizhou City, Jiangsu Province, China. The complex will include a 300,000 metric ton tar distillation facility that will be majority-owned by Koppers, as well as a carbon black plant and a needle coke plant that will be owned by Nippon. A significant portion of the products produced at the tar distillation plant will be sold under a long-term contract with Nippon to supply their carbon black and needle coke plants. The project has commenced and construction of the tar distillation plant is expected to be completed in mid-2014. We expect construction of the carbon black and needle coke plants to be completed by the end of 2014. We will be selling all of our production from the new facility into the domestic Chinese market until carbon black and needle coke facilities are completed.

In October 2013, we were informed by the Tangshan Government of its intention to close the coke batteries owned and operated by our joint venture partner, Tangshan Iron and Steel Group Co., Ltd ("TISCO"), in Tangshan, China. The Tangshan Government has ordered the closure of these coke batteries in an effort to improve the air quality in the Tangshan area. One of TISCO's two coke batteries was recently shut down and we have been informed that the other coke battery adjacent to KCCC is scheduled to be shut down by the end of June 2014. The Company's 60-percent owned subsidiary, KCCC, is located adjacent to TISCO's coke facility and relies on its operations for a significant portion of raw material supply, utilities and other shared services. Closure of the TISCO coke batteries directly impacts KCCC's ability to operate its coal tar distillation plant and the Company has determined that it is unable to continue coal tar distillation activities at the site once TISCO ceases production activities at the adjacent facility. The Company is continuing to evaluate its options, which include transitioning to a new location or entering into other strategic partnerships with other unrelated coal tar distillation companies.

The closure or relocation of KCCC's coal tar distillation facility would have a material adverse effect on our business, financial condition, cash flow and results of operations. For the year ended December 31, 2013, KCCC contributed operating profit of approximately \$3.3 million after deducting profit attributable to non-controlling interests. As of March 31, 2014, after recording an impairment charges of \$4.0 million in the fourth quarter of 2013 and \$4.7 million in the first quarter of 2014, the remaining net book value of fixed assets subject to impairment was \$2.5 million. This amount will be reflected in depreciation expense over the next four months on an accelerated basis reflecting management's estimate of the remaining useful life of the assets.

The Company believes it would be able to continue fulfilling current domestic Chinese customers and its export commitments with capacity at Koppers (Jiangsu) Carbon Chemical Company Limited, which is scheduled for production start-up in mid-2014, its other 30-percent owned Chinese company and other commercial relationships in China. However, the Company's margin on export sales may be negatively affected as a result of these actions.

Outlook

Trend Overview

Our businesses and results of operations are impacted by various competitive and other factors including (i) the impact of global economic conditions on demand for our products, including the impact of imported products from competitors in certain regions where we operate; (ii) raw materials pricing and availability, in particular the cost and availability of hardwood lumber for railroad crossties, and the cost and amount of coal tar available in global markets, which is negatively affected by reductions in steel production; (iii) volatility in oil prices, which impacts the cost of coal tar and certain other raw materials, as well as selling prices and margins for certain of our products including carbon black feedstock and phthalic anhydride; (iv) competitive conditions in global carbon pitch markets; and (v) changes in foreign exchange rates.

The availability of coal tar is linked to levels of metallurgical coke production. As the global steel industry has reduced production of steel and metallurgical coke the volumes of coal tar by-product were also reduced. Our ability to obtain coal tar and the price we are able to negotiate has a significant impact on the level of profitability of our business. Many of our sales

contracts include provisions that allow for price increases based on increases in the price of raw materials, which has allowed us to generally maintain profit dollars in our core businesses. However, significant increases in raw material costs can result in margin dilution if only the increased cost of the raw material is passed on to the customer. Additionally, in certain regions such as China that have competing markets for coal tar, or in regions where the available supply of our products exceeds demand, we may not be able to recover raw material cost increases in the selling prices for our end products.

The primary product produced by CMC is carbon pitch, which is sold primarily to the aluminum industry to be used in the production of carbon anodes. The smelting of aluminum requires significant amounts of energy, which is a major cost component for the aluminum industry. As a result, new production facilities are being built in regions with low energy costs such as the Middle East, while regions with higher energy costs such as the United States, Australia and Western Europe have seen significant amounts of smelting capacity idled or closed over the last several years. Our operations in China have generally had lower profit margins than our operations in the mature regions due to a difficult pricing environment in the Middle East and in China as those regions have experienced an excess supply of pitch.

Our businesses and results of operations were also negatively affected in 2012 and 2013 by difficult economic conditions in Europe. Certain key end markets experienced significant reductions in demand that have negatively affected the profitability for most of our products produced and sold in Europe, and we expect this to continue for at least the foreseeable future. Additionally, during 2013 our profitability in North America was negatively impacted by increased levels of imports from competitors in Europe due to weak end-market demand there.

As a result of the items noted above, we are curtailing operations at several of our global CMC facilities including Follansbee, West Virginia, Uithoorn, The Netherlands, and Portland, Oregon in an effort to reduce costs and improve profitability. The curtailments resulted in charges to earnings of approximately \$9.6 million in the fourth quarter of 2013 and are expected to result in cost savings of approximately \$9 million in 2014.

There may be additional curtailments or closures at our other facilities as part of our efforts to reduce our cost structure and improve capacity utilization in our businesses.

Several of our products, particularly carbon black feedstock and phthalic anhydride, have end market pricing that is linked to oil. Historically, when oil prices increase we have benefited in terms of revenues and profitability from the higher pricing for these products as the cost of coal tar has not increased proportionally with oil. However, in recent years our coal tar costs have demonstrated a stronger correlation to the price of oil, which has resulted in higher raw material and finished product costs to the extent that the price of oil has increased.

The primary end-market for RUPS is the North American railroad industry, which has a large installed base of wood crossties that require periodic replacement. As a result, our sales volumes for crossties and our operating results for this business have historically been relatively stable. However, our railroad business can be negatively affected by weather conditions that make it difficult for sawmills that provide our raw material to harvest timber from the forests. Additionally, some of our Class I railroad customers, who make up the largest portion of our business, may reduce inventory levels at certain times to manage working capital, which can adversely affect our volumes and profitability during certain periods.

In the second half of 2013 and first quarter of 2014 we experienced reduced purchases of untreated crossties due to increased competition from other hardwood lumber products. This competition has resulted in higher prices and reduced availability for crossties that may result in reduced sales volumes for crossties for us in 2014.

Seasonality and Effects of Weather on Operations

Our quarterly operating results fluctuate due to a variety of factors that are outside of our control, including inclement weather conditions, which in the past have affected operating results. Operations at some of our facilities have at times been reduced during the winter months. Moreover, demand for some of our products declines during periods of inclement weather. As a result of the foregoing, we anticipate that we may experience material fluctuations in quarterly operating results. Historically, our operating results have been significantly lower in the first and fourth calendar quarters as compared to the second and third calendar quarters.

Results of Operations – Comparison of Three Months Ended March 31, 2014 and 2013

Consolidated Results

Net sales for the three months ended March 31, 2014 and 2013 are summarized by segment in the following table:

	<i>Three Months Ended March 31,</i>		<i>Net Change</i>
	<i>2014</i>	<i>2013</i>	
<i>(Dollars in millions)</i>			
Carbon Materials and Chemicals	\$ 202.6	\$ 230.5	-12%
Railroad and Utility Products and Services	128.8	139.9	-8%
	\$ 331.4	\$ 370.4	-11%

CMC net sales decreased by \$27.9 million or 12 percent compared to the prior year period due to lower sales volumes for all major products and lower sales prices for all major products except naphthalene.

Lower sales volumes and prices for carbon pitch, driven by a difficult pricing environment, reduced sales by six percent compared to the prior year quarter.

Lower distillate sales volumes and prices decreased sales by four percent compared to the first quarter of 2013 due mainly to lower sales volumes and prices for carbon black feedstock sold from China.

Sales of coal tar chemicals declined by one percent of sales as decreases in phthalic anhydride sales prices in the U.S. of two percent more than offset higher sales prices for naphthalene of one percent of sales. Lower sales prices for phthalic anhydride were due to lower prices for orthoxylene, and lower sales volumes for naphthalene were due to reduced end-market demand.

RUPS net sales decreased by \$11.1 million or eight percent compared to the prior year period. The sales decrease was due primarily to lower sales volumes for untreated crossties as a result of competitive conditions in the hardwood lumber markets combined with difficult weather conditions for loggers.

Cost of sales as a percentage of net sales was 86 percent for the quarter ended March 31, 2014 compared to 87 percent for the quarter ended March 31, 2013.

Depreciation and amortization for the quarter ended March 31, 2014 was \$1.6 million higher when compared to the prior year period due mainly to depreciation and amortization for the Ashcroft wood treating facility that was acquired in January 2014 and accelerated depreciation related to our facilities in Uithoorn, the Netherlands and Tangshan, China.

Impairment and restructuring charges of \$15.5 million for the quarter ended March 31, 2014 were related to the ceasing of distillation of the Uithoorn facility of \$10.8 million combined with impairment charges related to the Tangshan facility of \$4.7 million.

Selling, general and administrative expenses for the quarter ended March 31, 2014 were \$3.7 million higher when compared to the prior year period due mainly to approximately \$3.5 million of consulting expenses related to acquisitions, operations improvement projects, and plant startup costs.

Other income for the quarter ended March 31, 2014 was \$0.3 million lower when compared to the prior year due mainly to lower earnings from equity affiliates.

Interest expense for the quarter ended March 31, 2014 was \$6.8 million as compared to \$6.9 million in the prior year period as a result of slightly lower average borrowings in the current quarter.

Income taxes for the quarter ended March 31, 2014 were \$13.1 million lower when compared to the prior year period due to a significant reduction in pre-tax income, an increased effective tax rate, and a significant discrete tax benefit. The increase in the effective tax rate on pretax ordinary income and before discrete items to 72.9 percent compared to 38.4 percent in the prior year quarter is attributed to the non-deductibility of certain expenses such as closure costs related to the Uithoorn facility. Discrete items included in income taxes for the quarter ended March 31, 2014 were a net tax benefit of \$5.5 million which was primarily related to management's decision that a deferred tax liability for certain undistributed earnings of its European subsidiaries was no longer necessary as these earnings are permanently reinvested.

Segment Results

Segment operating profit for the three months ended March 31, 2014 and 2013 is summarized by segment in the following table:

	<u>Three Months Ended March 31,</u>		
	2014	2013	% Change
<i>(Dollars in millions)</i>			
Operating (loss) profit:			
Carbon Materials and Chemicals	\$ (8.8)	\$ 13.1	-167%
Railroad and Utility Products and Services	11.1	12.3	-10%
Corporate	(1.8)	(0.5)	0%
	<u>\$ 0.5</u>	<u>\$ 24.9</u>	<u>-98%</u>
Operating profit as a percentage of net sales:			
Carbon Materials and Chemicals	(4.3)%	5.7%	-10.0%
Railroad and Utility Products and Services	8.6%	8.8%	-0.2%
	<u>0.2%</u>	<u>6.7%</u>	<u>-6.5%</u>

CMC operating profit decreased by \$21.9 million or 167 percent over the prior year period. Operating loss as a percentage of net sales for CMC amounted to 4.3 percent compared to operating profit of 5.7 percent in the prior year quarter. Operating profit for the three months ended March 31, 2014 was negatively affected by \$17.2 million of impairment and plant closure charges related to the Uithoorn facility in The Netherlands and the KCCC facility in China. Additionally, operating profit was negatively impacted by lower sales prices for phthalic anhydride and difficult weather conditions.

RUPS operating profit decreased by \$1.2 million or 10 percent compared to the prior year period. Operating profit as a percentage of net sales for RUPS decreased to 8.6 percent from 8.8 percent in the prior year quarter. Operating profit for the three months ended March 31, 2014 was negatively impacted by lower sales volumes of untreated crossties due in part to difficulties in obtaining adequate raw material supplies as a result of competition for hardwood lumber combined with difficult weather conditions.

Cash Flow

Net cash used by operating activities was \$13.7 million for the quarter ended March 31, 2014 as compared to net cash provided by operating activities of \$5.7 million for the quarter ended March 31, 2013. The net decrease of \$19.4 million in cash from operations was due primarily to lower net income and \$7.2 million of non-cash tax benefits.

Net cash used in investing activities was \$44.4 million for the quarter ended March 31, 2014 as compared to net cash used in investing activities of \$6.2 million for the quarter ended March 31, 2013. The increase in net cash used by investing activities of \$38.2 million is due to the acquisition of a wood treating facility in January 2014 combined with a higher level of capital expenditures in the first quarter of 2014 compared to the prior year period.

Net cash provided by financing activities was \$30.2 million for the quarter ended March 31, 2014 as compared to net cash used in by financing activities of \$7.5 million for the quarter ended March 31, 2013. The difference is due mainly to net borrowings of \$37.2 million in the first quarter of 2014 compared to no net borrowings in the first quarter of 2013. The borrowing activity was due the Ashcroft acquisition and the plant construction costs at the Jiangsu, China facility.

Dividends paid were \$5.0 million in the quarter ended March 31, 2014, the same as the quarter ended March 31, 2013. On May 2, 2014, our board of directors declared a quarterly dividend of 25 cents per common share, payable on July 7, 2014 to shareholders of record as of May 19, 2014.

Liquidity and Capital Resources

Restrictions on Dividends to Koppers Holdings

Koppers Holdings depends on the dividends from the earnings of Koppers Inc. and its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of any declared dividend of Koppers Holdings. Koppers Inc.'s credit agreement prohibits it from making dividend payments to us unless (1) such dividend payments are permitted by the indenture governing Koppers Inc.'s Senior Notes and (2) no event of default or potential default has occurred or is continuing under the credit agreement. The indenture governing Koppers Inc.'s Senior Notes restricts its ability to finance our payment of dividends if (1) a default has occurred or would result from such financing, (2) a restricted subsidiary of Koppers Inc. which is not a guarantor under the indenture is not able to incur additional indebtedness (as defined in the indenture), and (3) the sum of all restricted payments (as defined in the indenture) have exceeded the permitted amount (which we refer to as the "basket") at such point in time.

The basket is governed by a formula based on the sum of a beginning amount, plus or minus a percentage of Koppers Inc.'s consolidated net income (as defined in the indenture), plus the net proceeds of Koppers Inc.'s qualified stock issuance or conversions of debt to qualified stock, plus the net proceeds from the sale of or a reduction in an investment (as defined in the indenture) or the value of the assets of an unrestricted subsidiary which is designated a restricted subsidiary. At March 31, 2014 the basket totaled \$212.7 million. Notwithstanding such restrictions, the indenture governing Koppers Inc.'s Senior Notes permits an additional aggregate amount of \$20.0 million each fiscal year to finance dividends on the capital stock of Koppers Holdings, whether or not there is any basket availability, provided that at the time of such payment, no default in the indenture has occurred or would result from financing the dividends.

In addition, certain required coverage ratios in Koppers Inc.'s revolving credit facility may restrict the ability of Koppers Inc. to pay dividends. See "—Debt Covenants."

Liquidity

The Koppers Inc. revolving credit facility agreement provides for a revolving credit facility of up to \$350.0 million at variable interest rates. Borrowings under the revolving credit facility are secured by a first priority lien on substantially all of the assets of Koppers Inc. and its material domestic subsidiaries. The revolving credit facility contains certain covenants for Koppers Inc. and its restricted subsidiaries that limit capital expenditures, additional indebtedness, liens, dividends and investments or acquisitions. In addition, such covenants give rise to events of default upon the failure by Koppers Inc. and its restricted subsidiaries to meet certain financial ratios.

As of March 31, 2014, we had \$299.8 million of unused revolving credit availability for working capital purposes after restrictions by various debt covenants and certain letter of credit commitments. As of March 31, 2014, \$35.2 million of commitments were utilized by outstanding letters of credit.

The following table summarizes our estimated liquidity as of March 31, 2014 (*dollars in millions*):

Cash and cash equivalents ⁽¹⁾	\$ 54.7
Amount available under revolving credit facility	299.8
Amount available under other credit facilities	15.2
Total estimated liquidity	\$369.7

(1) Cash includes approximately \$54 million held by foreign subsidiaries, which if repatriated to the United States, would incur an estimated cash tax cost of approximately \$20 million.

Our estimated liquidity was \$451.4 million at December 31, 2013.

In June 2012, we filed a registration statement on Form S-3 with the Securities and Exchange Commission which gives us the opportunity to offer common stock, debt securities, preferred stock, depositary shares, warrants and units (or a combination of these securities) from time to time in one or more offerings. In addition, Koppers Inc. may sell debt securities from time to time under the registration statement. This registration statement expires on June 26, 2015.

Our need for cash in the next twelve months relates primarily to contractual obligations which include the acquisition of the wood preservation and railroad services businesses of Osmose Holdings, Inc. (the "Osmose Acquisition"), debt service, purchase commitments and operating leases, as well as working capital, capital maintenance programs, the funding of our new coal tar distillation facility in China, and mandatory and voluntary defined benefit plan funding. We may also use cash to pursue other potential strategic acquisitions. Capital expenditures in 2014, excluding acquisitions and the construction of a new coal tar facility in China, are expected to total approximately \$49 million. In October 2012, a subsidiary of the Company signed an agreement to construct a coal tar distillation facility in China. Construction of the Company's new coal tar distillation facility in China is expected to be completed by mid-2014. The Company's remaining expected capital spending for the majority-owned facility is approximately \$29 million and will be financed by available cash and incremental financing from a third party bank and the shareholder of the non-controlling interest. We believe that our cash flow from operations and available borrowings under the revolving credit facility will be sufficient to fund our anticipated liquidity requirements for at least the next twelve months, excluding the Osmose Acquisition. In the event that the foregoing sources are not sufficient to fund our expenditures and service our indebtedness, we would be required to raise additional funds.

The Osmose Acquisition's base purchase price of \$460 million is expected to be financed by a new \$500 million revolving credit facility that replaces the existing \$350.0 million revolving credit facility. In addition, we expect to issue a five to seven year amortizing term loan totaling approximately \$300 million. The existing \$300.0 million principal value Senior Notes due 2019 will remain in place and will be ratably secured by the new revolving credit facility and term loan.

Debt Covenants

The covenants that affect availability of the revolving credit facility and which may restrict the ability of Koppers Inc. to pay dividends include the following financial ratios:

- ┆ The fixed charge coverage ratio, calculated as of the end of each fiscal quarter for the four fiscal quarters then ended, is not permitted to be less than 1.10. The fixed charge coverage ratio at March 31, 2014 was 1.4.
- ┆ The leverage ratio, calculated as of the end of each fiscal quarter for the four fiscal quarters then ended, is not permitted to exceed 4.0. The leverage ratio at March 31, 2014 was 2.19.

We are currently in compliance with all covenants in the credit agreement governing the revolving credit facility. On April 25, 2014, the Company signed the second amendment to the revolving credit facility which amends the definition of consolidated earnings before income taxes, depreciation and amortization and permits the Company to redeem the Senior Notes and issue replacement senior notes.

At March 31, 2014, Koppers Inc. had \$300.0 million principal value outstanding of Senior Notes. The Senior Notes include customary covenants that restrict, among other things, our ability to incur additional debt, pay dividends or make certain other restricted payments, incur liens, merge or sell all or substantially all of the assets or enter into various transactions with affiliates. We are currently in compliance with all covenants in the Senior Notes indenture.

Legal Matters

The information set forth in Note 17 to the Condensed Consolidated Financial Statements of Koppers Holdings Inc. included in Item 1 of this Part I is incorporated herein by reference.

Recently Issued Accounting Guidance

There is no recently issued accounting guidance that is expected to have a material impact on the Company.

Critical Accounting Policies

There have been no material changes to the Company's critical accounting policies as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

Environmental and Other Matters

The information set forth in Note 17 to the Condensed Consolidated Financial Statements of Koppers Holdings Inc. included in Item 1 of Part I is incorporated herein by reference.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There are no material changes to the disclosure on this matter made in the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

ITEM 4. CONTROLS AND PROCEDURES

The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures were effective as of the end of the period covered by this report. There was no change in the Company's internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2014 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

The information set forth in Note 17 to the Condensed Consolidated Financial Statements of Koppers Holdings Inc. included in Item 1 of Part I of this report is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There have been no material changes to the Risk Factors previously disclosed in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

No shares were repurchased in the quarter ended March 31, 2014 under the current \$75 million share repurchase program approved in November 2011. The approximate dollar value of common shares that may yet be purchased under this program is \$52.8 million. The repurchase program has no expiration date.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 6. EXHIBITS

- 3.1* Amended and Restated Articles of Incorporation of the Company, as amended on May 2, 2014.
- 3.2* Amended and Restated Bylaws of the Company, as amended on May 2, 2014.
- 10.89* Second Amendment to Amended and Restated Credit Agreement by and among Koppers Inc., the Guarantors party thereto, the Lenders party thereto and PNC Bank, National Association, as Administrative Agent, dated as of April 25, 2014.
- 10.90* Letter dated April 24, 2014 from Koppers Inc. to Brian H. McCurrie.
- 10.91 Koppers Holdings Inc. 2005 Long Term Incentive Plan, as Amended and Restated effective February 28, 2014 (incorporated by reference to Appendix B to the Company's Definitive Proxy Statement for its 2014 Annual Meeting of Shareholders filed on March 27, 2014).
- 12.1* Computation of ratio of earnings to fixed charges
- 31.1* Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2* Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1* Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.INS* XBRL Instance Document
- 101.SCH* XBRL Taxonomy Extension Schema Document
- 101.CAL* XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF* XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB* XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE* XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 7, 2014

KOPPERS HOLDINGS INC.
(REGISTRANT)

By: /s/ LEROY M. BALL

Leroy M. Ball
Chief Operating Officer and Chief Financial Officer
(Principal Financial Officer,
Principal Accounting Officer and Duly Authorized Officer)

AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
KOPPERS HOLDINGS INC.
(a Pennsylvania Corporation)
as amended May 2, 2014

ARTICLE I
NAME

Section 101. The name of the Corporation is Koppers Holdings Inc.

ARTICLE II
REGISTERED OFFICE

Section 210. The name of the Corporation's commercial registered office provider and the county of venue is Corporation Service Company, Allegheny County.

ARTICLE III
PURPOSE

Section 301. The purposes for which the Corporation is incorporated under the Pennsylvania Business Corporation Law of 1988, as amended (the "Business Corporation Law") are to engage in and do any lawful act concerning any or all lawful business for which corporations may be incorporated under said Business Corporation Law.

ARTICLE IV
CAPITAL STOCK

Section 401. The aggregate number of shares of all classes of capital stock which the Corporation shall have authority to issue is 50,000,000 shares, of which 40,000,000 shares shall be voting common stock, \$.01 par value ("Common Stock") and 10,000,000 shares shall be preferred stock, \$.01 par value ("Preferred Stock")(the Common Stock and the Preferred Stock shall hereinafter collectively be called the "Stock").

Section 402. The Board of Directors of the Corporation (hereinafter referred to as the "Board of Directors" or the "Board") may declare, and cause to be paid, dividends to the holders of shares of the Stock out of any funds of the Corporation legally available for the payment of dividends.

Section 403. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, all of the holders of shares of the Common Stock shall be entitled, subject to the prior rights of any series of Preferred Stock, to share ratably, on a share-for-share basis, in any remaining assets of the Corporation available for distribution to its shareholders.

Section 404. Shares of Preferred Stock may be issued from time to time in one or more series. The Board is hereby authorized to fix the voting rights, if any, designations, powers, preferences and the relative, participating, optional and other rights, if any, and the qualifications, limitations or restrictions thereof, of any additional series of Preferred Stock; and to fix the number of shares constituting such series, and to increase or decrease the number of shares of any such additional series (but not below the number of shares then outstanding).

Section 405. Except as may otherwise be provided herein (including any certificate filed with the Secretary of State of Pennsylvania establishing the terms of a series of Preferred Stock) or by applicable law, each holder of Common Stock shall be entitled to one vote for each share of Common Stock held of record by such holder on all matters on which shareholders are entitled to vote. The shareholders of the Corporation shall not be entitled to cumulate their votes for the election of Directors.

ARTICLE V BOARD OF DIRECTORS

Section 501. At the 2014 annual meeting of shareholders, the successors of the Directors whose terms expire at that meeting shall be elected for a term expiring at the 2015 annual meeting of shareholders. At the 2015 annual meeting, the successors of the Directors whose terms expire at that meeting shall be elected for a term expiring at the 2016 annual meeting. At each annual meeting of shareholders thereafter, the Directors shall be elected for terms expiring at the next annual meeting of shareholders. Except as expressly provided in these Amended and Restated Articles of Incorporation or the Bylaws, each Director shall hold office for the term for which elected until his or her death, resignation, incapacity or until his or her successor shall be elected and shall qualify.

Section 502. The entire Board or any Director may be removed only for cause by the holders of a majority of the outstanding Shares then entitled to vote at an election of Directors.

Section 503. Unless and except to the extent that the Bylaws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

Section 504. Except as set forth in these Amended and Restated Articles of Incorporation, the number and election of directors of the Corporation shall be determined in accordance with the Bylaws of the Corporation. Whenever holders of one or more series of Preferred Stock shall have the right, voting separately as a class or series, to elect directors, the election, removal, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of any certificate or other document filed with the Secretary of State of Pennsylvania establishing the terms of such Preferred Stock.

ARTICLE VI. ACTION BY SHAREHOLDERS

Section 601. No action by shareholders may be taken without a meeting by consent except for the unanimous consent of all holders of Common Stock. Special meetings of the shareholders may be called only by the Board or the Chairman of the Board.

ARTICLE VII
BYLAWS

Section 701. Unless otherwise provided by law or in the Bylaws, (i) the Board of Directors is expressly authorized and empowered to adopt, amend and repeal any one or more Bylaws of the Corporation at any regular or special meeting, if notice of the proposed adoption, amendment or repeal of the Bylaws to be made is contained in the notice of such special meeting and (ii) any one or more Bylaws may be adopted, amended or repealed at any annual or special meeting of the shareholders if notice of the proposed adoption, alteration or repeal of the Bylaws to be made is contained in the notice of such meeting, by the affirmative vote of the holders of shares constituting two-thirds of the voting power of the outstanding Common Stock and Preferred Stock entitled to vote thereon.

ARTICLE VIII
AMENDMENT OF ARTICLES

Section 801. The Corporation reserves the right at any time and from time to time to amend, alter, change or repeal any provision contained in these Amended and Restated Articles of Incorporation, any other provisions authorized by the laws of the Commonwealth of Pennsylvania at the time in force may be added or inserted, in the manner now or hereafter prescribed by law; and all rights, preferences and privileges of whatsoever nature conferred upon shareholders, directors or any other persons whomsoever by and pursuant to these Amended and Restated Articles of Incorporation in its present form or as hereafter amended are granted subject to the right reserved in this Article VIII.

ARTICLE IX
LIMITATION OF LIABILITY OF DIRECTORS

Section 901. The liability of the directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under Pennsylvania law.

ARTICLE X
NONAPPLICABILITY OF CERTAIN PROVISIONS

Section 1001. Subchapters 25(E), 25(F), 25(G), 25(H), 25(I) and 25(J) of the Pennsylvania Business Corporation Law shall not be applicable to the Corporation.

BYLAWS

OF

Koppers Holdings Inc.
(a Pennsylvania Corporation)
as amended May 2, 2014

ARTICLE I

Offices and Fiscal Year

Section 1.01. Registered Office Provider. The name of the registered office provider of the corporation and the county of venue is Corporation Service Company, Allegheny County, until otherwise established by an amendment of the articles of incorporation (the “articles”) or by the Board of Directors and a record of such change is filed with the Pennsylvania Department of State in the manner provided by law.

Section 1.02. Other Offices. The corporation may also have offices at such places within or without the Commonwealth of Pennsylvania as the Board of Directors may from time to time appoint or the business of the corporation may require.

Section 1.03. Fiscal Year. The fiscal year of the corporation shall begin on the 1st day of January in each year.

ARTICLE II

Notice—Waivers—Meetings Generally

Section 2.01. Manner of Giving Notice.

General Rule. Whenever written notice is required to be given to any person under the provisions of the Pennsylvania Business Corporation Law of 1988 (the “Business Corporation Law”) or by the articles or these bylaws, it may be given to the person either personally or by sending a copy thereof by first class or express mail, postage prepaid, or by courier service, charges prepaid, or by facsimile transmission, to the address (or to the facsimile number) of the person appearing on the books of the corporation or, in the case of directors, supplied by the director to the corporation for the purpose of notice. If the notice is sent by mail or courier service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a courier service for delivery to that person or, in the case of facsimile transmission, when received. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by any other provision of the Business Corporation Law, the articles or these bylaws.

Section 2.02. Notice of Meetings of Board of Directors. Notice of a regular meeting of the Board of Directors need not be given, except as required by law. Notice of every special meeting of the Board of Directors shall be given to each director by telephone or in writing at least five days before the time at which the meeting is to be held. Every such notice shall state the time and place of the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board need be specified in a notice of the meeting.

Section 2.03. Notice of Meetings of Shareholders.

(a) General Rule. Written notice specifying the place, date and time of every meeting of the shareholders shall be given by, or at the direction of, the Secretary or other authorized person to each shareholder of record entitled to vote at the meeting at least ten days prior to the day named for the meeting. If the Secretary neglects or refuses to give notice of a meeting, the person or persons calling the meeting may do so. In the case of a special meeting of shareholders, the notice shall specify the general nature of the business to be transacted.

(b) Notice of Action by Shareholders on Bylaws. In the case of a meeting of shareholders that has as one of its purposes action on the bylaws, written notice shall be given to each shareholder that the purpose, or one of the purposes, of the meeting is to consider the adoption, amendment or repeal of the bylaws. There shall be included in, or enclosed with, the notice a copy of the proposed amendment or a summary of the changes to be affected thereby.

(c) Adjourned Shareholder Meetings. When a meeting of shareholders is adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which the adjournment is taken, unless the board fixes a new record date for the adjourned meeting in which event notice shall be given in accordance with this Section 2.03.

Section 2.04. Waiver of Notice.

(a) Written Waiver. Whenever any written notice is required to be given under the provisions of the Business Corporation Law, the articles or these bylaws, a waiver thereof in writing, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of the notice. Neither the business to be transacted at, nor the purpose of, a meeting need be specified in the waiver of notice of the meeting.

(b) Waiver by Attendance. Attendance of a person at any meeting shall constitute a waiver of notice of the meeting except where a person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

Section 2.05. Modification of Proposal Contained in Notice. Whenever the language of a proposed resolution is included in a written notice of a meeting required to be given under the provisions of the Business Corporation Law or the articles or these bylaws, the meeting considering the resolution may without further notice adopt it with such clarifying or other amendments as do not enlarge its original purpose.

Section 2.06. Exception to Requirement of Notice.—Shareholders Without Forwarding Addresses. Notice or other communications need not be sent to any shareholder with whom the corporation has been unable to communicate for more than 24 consecutive months because communications to the shareholder are returned unclaimed or the shareholder has otherwise failed to provide the corporation with a current address. Whenever the shareholder provides the corporation with a current address, the corporation shall commence sending notices and other communications to the shareholder in the same manner as to other shareholders.

Section 2.07. Use of Conference Telephone and Similar Equipment. Any director may participate in any meeting of the Board of Directors, and the Board of Directors may provide by resolution with respect to a specific meeting or with respect to a class of meetings that one or more persons may participate in a meeting of the shareholders of the corporation, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at the meeting.

ARTICLE III

Shareholders

Section 3.01. Place of Meeting. All meetings of the shareholders of the corporation shall be held at the registered office of the corporation unless another place is designated by the Board of Directors in the notice of a meeting.

Section 3.02. Annual Meeting. The Board of Directors may fix and designate the date and time of the annual meeting of the shareholders, but if no such date and time is fixed and designated by the board, the meeting for any calendar year shall be held on the third Wednesday of April in such year, if not a legal holiday under the laws of the Commonwealth of Pennsylvania, and, if a legal holiday, then on the next succeeding business day, not a Saturday, at 10:00 a.m. The business at an annual meeting of shareholders shall include (a) a review of the business of the preceding year, (b) the election of directors to succeed those whose terms shall expire, and (c) such other business as may properly be brought before the meeting as provided in this Section. The proposal of business to be considered by the shareholders at an annual meeting of shareholders may be made (i) pursuant to the corporation's notice of meeting, (ii) by the presiding officer, (iii) by or at the direction of the Board of Directors, or (iv) by one or more shareholders in accordance with applicable rules of the Securities and Exchange Commission and the provisions of this Section. For business to be properly brought before an annual meeting by a shareholder pursuant to clause (iii) of the preceding sentence, such business must be a proper matter for shareholder action, the shareholder must have given timely notice thereof in writing to the Secretary of the corporation and such notice must comply with the following requirements:

(1) To be timely, a shareholder's notice given pursuant to this Section must be received at the principal executive offices of the corporation, addressed to the Secretary, not later than (i) 90 days prior to such annual meeting (unless a different date for such notice has been stated in the corporation's most recent proxy materials distributed to shareholders), or (ii) if the annual meeting is to be held on a date other than the third Wednesday of April in such year as set forth above, the close of business on the tenth day following the first public disclosure of the date of such meeting. The first public disclosure of the date of any annual meeting of shareholders shall be when public disclosure of such meeting date is first made in a filing by the corporation with the Securities and Exchange Commission, in any notice given to the New York Stock Exchange, or in a news release reported by any national news service. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a shareholder's notice as described above.

(2) Each such notice from a shareholder shall set forth: (A) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the notice is given (x) the name and address of such shareholder and of such beneficial owner, and (y) the class and number of shares of the corporation which are owned of record and beneficially by such shareholder and such beneficial owner, and (B) a representation that the shareholder is a beneficial owner of stock of the corporation entitled to vote at such meeting and intends to be present at the meeting in person or by proxy to make such nomination or proposal.

(3) Each notice of nomination for the election of a director from a shareholder also shall set forth: (A) the name and address of the person to be nominated, (B) a description of all arrangements or understandings between the shareholder and the nominee and any other person or persons (naming such person or persons) pursuant to which the nomination is to be made by the shareholder, (C) such other information regarding the nominee as would be required to be included in proxy materials filed under applicable rules of the Securities and Exchange Commission had the nominee been nominated by the Board of Directors, and (D) the written consent of the nominee to serve as a director of the corporation if so elected.

(4) Each notice of a proposal for action at an annual meeting from a shareholder also shall set forth a brief description of the proposal, the reasons for making such proposal, and any direct or indirect interest of the shareholder, or any person on whose behalf the shareholder is acting, in making such proposal.

(5) The presiding officer of the meeting may refuse to permit any nomination for the election of a director or proposal to be made at any annual meeting by a shareholder who has not complied with all of the foregoing procedures.

Section 3.03. Special Meetings. Special meetings of the shareholders may be called at any time by resolution of the Board of Directors or the chairman of the Board of Directors, which may fix the date, time and place of the meeting. If the board or chairman does not fix the date, time or place of the meeting, it shall be the duty of the Secretary to do so. A date fixed by the Secretary shall not be more than 60 days after the date of the adoption of the resolution of the board calling the special meeting.

Section 3.04. Quorum and Adjournment, General Rule. A meeting of shareholders of the corporation duly called shall not be organized for the transaction of business unless a quorum is present. The presence in person or by proxy of shareholders entitled to cast at least a majority of the votes which all shareholders are entitled to cast on the particular matter shall constitute a quorum for the purposes of acting on such matter.

Section 3.05. Action by Shareholders; Election and Resignation of Directors.

(a) Except as otherwise provided in the Business Corporation Law, the articles, or these bylaws, when a quorum is present at a meeting, the vote of shareholders present, in person or by proxy, entitled to cast at least a majority of the votes which all shareholders present and voting (excluding abstentions) are entitled to cast on a particular matter shall decide such matter.

(b) Subject to any rights of the holders of any class or series of stock to elect directors separately, each director shall be elected by a vote of the majority of the votes cast (excluding abstentions) with respect to that director at any meeting for the election of directors at which a quorum is present, in accordance with Section 3.04 of these bylaws; provided, that, if, at the close of the notice period set forth in Section 3.02 of these bylaws, the number of nominees exceeds the number of directors to be elected, the directors shall be elected by the vote of a plurality of the votes cast and entitled to vote on the election of directors in person or by proxy at any such meeting. For purposes of this Section 3.05(b), a vote of the majority of the votes cast means that the number of shares voted "for" a director must exceed 50% of the votes cast (excluding abstentions) with respect to that director.

(c) If an incumbent director is running uncontested and is not elected as provided in subsection (b), such director shall tender his or her resignation to the Board of Directors within ten business days following the certification of the election results. The Nominating and Governance Committee, or such other committee designated by the

Board, will recommend to the Board whether to accept or reject the resignation, or whether other action should be taken, as determined in accordance with the Corporation's Corporate Governance Guidelines. The Board of Directors will act on the Committee's recommendation and publicly disclose its decision and the rationale behind it within 120 days following the date of the certification of the election results. The director who tenders his or her resignation will not participate in either the Committee's or the Board's decision with respect to such resignation.

Section 3.06. Organization. At every meeting of the shareholders, the chairman of the board, if there be one, or, in the case of vacancy in office or absence of the chairman of the board, one of the following persons present in the order stated: the Chief Executive Officer, the President, the vice presidents in their order of rank and seniority, or a person chosen by vote of the shareholders present, shall act as chairman of the meeting. The Secretary or, in the absence of the Secretary, an Assistant Secretary shall act as Secretary of the meeting.

Section 3.07. Voting Rights of Shareholders. Unless otherwise provided in the articles, every shareholder of the corporation shall be entitled to one vote for every share outstanding in the name of the shareholder on the books of the corporation.

Section 3.08. Voting and Other Action by Proxy.

(a) General Rule.

(1) Every shareholder entitled to vote at a meeting of shareholders may authorize another person to act for the shareholder by proxy.

(2) The presence of, or vote or other action at a meeting of shareholders by a proxy of a shareholder shall constitute the presence of, or vote or action by the shareholder.

(b) Execution and Filing. Every proxy shall be executed in writing by the shareholder or by the duly authorized attorney-in-fact of the shareholder and filed with the Secretary of the corporation. A proxy, unless coupled with an interest, shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until written notice thereof has been given to the Secretary of the corporation. An unrevoked proxy shall not be valid after three years from the date of its execution unless a longer time is expressly provided therein.

Section 3.09. Voting by Fiduciaries and Pledges. Shares of the corporation standing in the name of a trustee or other fiduciary and shares held by an assignee for the benefit of creditors or by a receiver may be voted by the trustee, fiduciary, assignee or receiver. A shareholder whose shares are pledged shall be entitled to vote the shares until the shares have been transferred into the name of the pledgee, or a nominee of the pledgee, but nothing in this section shall affect the validity of a proxy given to a pledgee or nominee.

Section 3.10. Voting by Joint Holders of Shares, General Rule. Where shares of the corporation are held jointly or as tenants in common by two or more persons, as fiduciaries or otherwise:

(a) if only one or more of such persons is present in person or by proxy, all of the shares standing in the names of such persons shall be deemed to be represented for the purpose of determining a quorum and the corporation shall accept as the vote of all the shares the vote cast by a joint owner or a majority of them; and

(b) if the persons are equally divided upon whether the shares held by them shall be voted or upon the manner of voting the shares, the voting of the shares shall be divided equally among the persons without prejudice to the rights of the joint owners or the beneficial owners thereof among themselves.

Section 3.11. Voting by Corporations.

(a) Voting by Corporate Shareholders. Any corporation that is a shareholder of this corporation may vote at meetings of shareholders of this corporation by any of its officers or agents, or by proxy appointed by any officer or agent, unless some other person, by resolution of the Board of Directors of the other corporation or a provision of its articles or bylaws, a copy of which resolution or provision certified to be correct by one of its officers has been filed with the Secretary of this corporation, is appointed its general or special proxy in which case that person shall be entitled to vote the shares.

(b) Controlled Shares. Shares of this corporation owned, directly or indirectly, by it and controlled, directly or indirectly, by the Board of Directors of this corporation, as such, shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares for voting purposes at any given time.

ARTICLE IV

Board of Directors

Section 4.01. Powers; Personal Liability.

(a) General Rule. Unless otherwise provided by statute, all powers vested by law in the corporation shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, the Board of Directors.

(b) Personal Liability of Directors.

(1) A director shall not be personally liable, as such, for monetary damages (including, without limitation, any judgment, amount paid in settlement, penalty, punitive damages or expense of any nature (including, without limitation, attorneys' fees and disbursements)) for any action taken, or any failure to take any action, unless: (i) the director has breached or failed to perform the duties of his or her office under Subchapter 17B of the Business Corporation Law or any successor provision; and (ii) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(2) The provisions of paragraph (1) shall not apply to the responsibility or liability of a director pursuant to any criminal statute, or the liability of a director for the payment of taxes pursuant to local, State or Federal law.

(c) Notation of Dissent. A director of the corporation who is present at a meeting of the Board of Directors, or of a committee of the board, at which action on any corporate matter is taken on which the director is generally competent to act, shall be presumed to have assented to the action taken unless his or her dissent is entered in the minutes of the meeting or unless the director files his or her written dissent to the action with the Secretary of the meeting before the adjournment thereof or transmits the dissent in writing to the Secretary of the corporation immediately after the adjournment of the meeting. The right to dissent shall not apply to a director who voted in favor of the action. Nothing in this section shall bar a director from asserting that minutes of the meeting incorrectly omitted his or her dissent if, promptly upon receipt of a copy of such minutes, the director notifies the Secretary, in writing, of the asserted omission or inaccuracy.

Section 4.02. Selection of Directors. The number, qualifications, manner of election, time and place of meeting, compensation and powers and duties of the directors of the corporation shall be fixed from time to time by or pursuant to these bylaws and the articles. Nominations for the election of directors may be made only by the Board of Directors or a committee appointed by the Board of Directors or by any shareholder entitled to vote for the election of directors; but a nomination may be made by a shareholder only if written notice of such nomination has been given to the Secretary of the corporation in accordance with Section 3.02 hereof.

Section 4.03. Number and Term of Office.

(a) Number.—The Board of Directors shall consist of such number of directors, not less than 5 nor more than 15, as may be determined from time to time by resolution of the Board of Directors.

(b) Term of Office. Each director shall hold office as provided in the articles.

Section 4.04. Place of Meetings. Meetings of the Board of Directors may be held at such place within or without the Commonwealth of Pennsylvania as the Board of Directors may from time to time appoint or as may be designated in the notice of the meeting.

Section 4.05. Organization of Meetings. At every meeting of the Board of Directors, the chairman of the board, if there be one, or, in the case of a vacancy in the office or absence of the chairman of the board, one of the following officers present in the order stated: the Chief Executive Officer, the President, the vice presidents in their order of rank and seniority, or a person chosen by a majority of the directors present, shall act as chairman of the meeting. The Secretary or, in the absence of the Secretary, an Assistant Secretary shall act as Secretary of the meeting.

Section 4.06. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as shall be designated from time to time by resolution of the Board of Directors.

Section 4.07. Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the chairman or by two or more of the directors.

Section 4.08. Quorum of and Action by Directors.

(a) General Rule. A majority of the directors in office of the corporation shall be necessary to constitute a quorum for the transaction of business and the acts of a majority of the directors present and voting at a meeting at which a quorum is present shall be the acts of the Board of Directors.

(b) Action by Written Consent. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the directors in office is filed with the Secretary of the corporation.

Section 4.09. Committees.

(a) Establishment and Powers. The Board of Directors may, by resolution adopted by a majority of the directors in office, establish one or more committees to consist of one or more directors of the corporation. With respect to each committee

established by the board, the Board of Directors shall, by one or more resolutions adopted by a majority of the whole board, determine the duties and responsibilities, determine the number of members, appoint the members and the committee chair and fill each vacancy occurring in the membership.

Section 4.10. Compensation. The Board of Directors shall have the authority to fix the compensation of directors for their services as directors and a director may be a salaried officer of the corporation.

Section 4.11. Vacancies. Vacancies in the Board of Directors, including vacancies resulting from an increase in the number of directors, shall be filled by a majority vote of the directors then in office, though less than a quorum, except as otherwise required by the Business Corporation Law.

ARTICLE V

Officers

Section 5.01. Officers Generally.

(a) Number, Qualifications and Designation. The officers of the corporation shall be a President and Chief Executive Officer, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers as may be elected in accordance with the provisions of Section 5.03. Officers may but need not be directors or shareholders of the corporation. The Board of Directors may elect from among the members of the board a chairman of the board and a vice chairman of the board.

(b) Bonding. The corporation may secure the fidelity of any or all of its officers by bond or otherwise.

(c) Standard of Care. In lieu of the standards of conduct otherwise provided by law, officers of the corporation shall be subject to the same standards of conduct, including standards of care and loyalty and rights of justifiable reliance, as shall at the time be applicable to directors of the corporation. An officer of the corporation shall not be personally liable, as such, to the corporation or its shareholders for monetary damages (including, without limitation, any judgment, amount paid in settlement, penalty, punitive damages or expense of any nature (including, without limitation, attorneys' fees and disbursements)) for any action taken, or any failure to take any action, unless the officer has breached or failed to perform the duties of his or her office under the articles of incorporation, these bylaws, or the applicable provisions of law and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. The provisions of this subsection shall not apply to the responsibility or liability of an officer pursuant to any criminal statute or for the payment of taxes pursuant to local, state or federal law.

Section 5.02. Election, Term of Office and Resignations.

(a) Election and Term of Office. The officers of the corporation, except those elected by delegated authority pursuant to Section 5.03, shall be elected by the Board of Directors, and each such officer shall hold office until a successor has been selected and qualified or until his or her earlier death, resignation or removal.

(b) Resignations. Any officer may resign at any time upon written notice to the corporation. The resignation shall be effective upon receipt thereof by the corporation or at such subsequent time as may be specified in the notice of resignation.

Section 5.03. Subordinate Officers, Committees and Agents. The Board of Directors may from time to time elect such other officers and appoint such committees, employees or other agents as the business of the corporation may require. The Board of Directors may delegate to any officer or committee the power to elect subordinate officers and to retain or appoint employees or other agents, or committees thereof, and to prescribe the authority and duties of such subordinate officers, committees, employees or other agents.

Section 5.04. Removal of Officers and Agents. Any officer or agent of the corporation may be removed by the Board of Directors with or without cause. The removal shall be without prejudice to the contract rights, if any, of any person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 5.05. Authority. General Rule. All officers of the corporation, as between themselves and the corporation, shall have such authority and perform such duties in the management of the corporation as may be provided by or pursuant to resolutions or orders of the Board of Directors or, in the absence of controlling provisions in the resolutions or orders of the Board of Directors, as may be determined by or pursuant to these bylaws.

Section 5.06. The Chairman of the Board. The chairman of the Board shall preside at all meetings of the Board of Directors at which he is present and shall call meetings of the board and board committees when he deems them necessary. Unless otherwise precluded from doing so by these bylaws, he may be a member of the committees of the board. He shall act as chairman at all meetings of the shareholders at which he is present unless he elects that the Chief Executive Officer shall so preside. The chairman of the Board may be designated by the board as an officer of the corporation and may be elected by the board as the Chief Executive Officer. The chairman of the Board shall perform all duties as may be assigned to him by the Board of Directors.

Section 5.07. The President and Chief Executive Officer. The President shall have such powers and duties as may, from time to time, be prescribed by the Board of Directors. Unless the Board of Directors shall otherwise direct, the President shall be the Chief Executive Officer of the corporation.

The Chief Executive Officer shall have general charge of the affairs of the corporation, subject to the control of the Board of Directors. He may appoint all officers and employees of the corporation for whose election no other provision is made in these bylaws, and may discharge or remove any officer or employee, subject to action thereon by the Board of Directors as required by these bylaws. He shall be the officer through whom the board delegates authority to corporate management, and shall be responsible to see that all orders and resolutions of the board are carried into effect by the proper officers or other persons. He shall also perform all duties as may be assigned to him by the Board of Directors. The Chief Executive Officer shall sign, execute, and acknowledge, in the name of the corporation, deeds, mortgages, bonds, contracts or other instruments, authorized by the Board of Directors, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors, or by these bylaws, to some other officer or agent of the corporation.

Section 5.08. The Vice Presidents. The Vice Presidents shall perform such duties as may from time to time be assigned to them by the Board of Directors or the President.

Section 5.09. The Secretary. The Secretary or an Assistant Secretary shall attend all meetings of the shareholders and of the Board of Directors and all committees thereof and shall record all the votes of the shareholders and of the directors and the minutes of the meetings of the shareholders and of the Board of Directors and of committees of the board in a book or books to be kept for that purpose; shall see that notices are given and records and reports properly kept and filed by the corporation as required by law; shall be the custodian of the seal of the corporation and see that it is affixed to all documents to be executed on behalf of the corporation under its seal; and, in general, shall perform all duties incident to the office of Secretary, and such other duties as may from time to time be assigned by the board or the President.

Section 5.10. The Treasurer. The Treasurer or an Assistant Treasurer shall have or provide for the custody of the funds or other property of the corporation; shall collect and receive or provide for the collection and receipt of moneys earned by or in any manner due to or received by the corporation; shall deposit all funds in his or her custody as Treasurer in such banks or other places of deposit as the board may from time to time designate; shall, whenever so required by the board, render an account showing all transactions as Treasurer, and the financial condition of the corporation; and, in general, shall discharge such other duties as may from time to time be assigned by the board or the President.

ARTICLE VI

Certificates of Stock, Transfer, Etc.

Section 6.01. Share Certificates. Every holder of fully-paid stock in the corporation shall be entitled to a certificate or certificates, consecutively numbered, to be in such form as the Board of Directors may from time to time prescribe, and signed (in facsimile or otherwise, as permitted by law) by the President or one of the Vice

Presidents or other officer designated by the board, countersigned by the Secretary or Treasurer and sealed with the corporate seal of the corporation; and if such certificates of stock are signed or countersigned by a corporate transfer agent or a corporate registrar of this corporation, such signature of the President, Vice President or other officer, such counter-signature of the Secretary or Treasurer, and such seal, or any of them, may be executed in facsimile, engraved or printed.

Section 6.02. Share Register. The share register or transfer books and blank share certificates shall be kept by the Secretary or by any transfer agent or registrar designated by the Board of Directors for that purpose.

ARTICLE VII

Indemnification of Directors, Officers and Other Authorized Representatives

Section 7.01. Scope of Indemnification.

(a) General Rule. The corporation shall indemnify an indemnified representative against any liability incurred in connection with any proceeding in which the indemnified representative may be involved as a party or otherwise by reason of the fact that such person is or was serving in an indemnified capacity, including, without limitation, liabilities resulting from any actual or alleged breach or neglect of duty, error, misstatement or misleading statement, negligence, gross negligence or act giving rise to strict or products liability, except:

(1) where such indemnification is expressly prohibited by applicable law;

(2) until such time as the conduct of the indemnified representative has been finally determined pursuant to Section 7.06 or otherwise: (i) to constitute willful misconduct or recklessness within the meaning of 15 Pa. C.S.A. § 1746(b) or any superseding provision of law sufficient in the circumstances to bar indemnification against liabilities arising from the conduct; or (ii) to be based upon or attributable to the receipt by the indemnified representative from the corporation of a personal benefit to which the indemnified representative is not legally entitled; or (3) to the extent such indemnification has been finally determined in a final adjudication pursuant to Section 7.06 to be otherwise unlawful.

(b) Partial Payment. If an indemnified representative is entitled to indemnification in respect of a portion, but not all, of any liabilities to which such person may be subject, the corporation shall indemnify such indemnified representative to the maximum extent for such portion of the liabilities.

(c) Presumption. The termination of a proceeding by judgment, order, settlement or conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the indemnified representative is not entitled to indemnification.

(d) Definitions. For purposes of this article:

(1) “indemnified capacity” means any and all past, present and future service by an indemnified representative in one or more capacities as a director, officer, employee or agent of the corporation, or, at the request of the corporation, as a director, officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise;

(2) “indemnified representative” means any and all directors and officers of the corporation and any other person designated as an indemnified representative by the Board of Directors of the corporation (which may, but need not, include any person serving at the request of the corporation, as a director, officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise);

(3) “liability” means any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, excise tax assessed with respect to an employee benefit plan, or cost or expense of any nature (including, without limitation, attorneys’ fees and disbursements); and

(4) “proceeding” means any threatened, pending or completed action, suit, appeal or other proceeding of any nature, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the corporation, a class of its security holders or otherwise.

Section 7.02. Proceedings Initiated by Indemnified Representatives. Notwithstanding any other provision of this article, the corporation shall not indemnify under this article an indemnified representative for any liability incurred in a proceeding initiated (which shall not be deemed to include counter claims or affirmative defenses) or participated in as an intervenor or amicus curiae by the person seeking indemnification unless such initiation of or participation in the proceeding is authorized, either before or after its commencement, by the affirmative vote of a majority of the directors in office. This section does not apply to reimbursement of expenses incurred in successfully prosecuting or defending an arbitration under Section 7.06 or otherwise successfully prosecuting or defending the rights of an indemnified representative granted by or pursuant to this article.

Section 7.03. Advancing Expenses. The corporation shall pay the expenses (including attorneys’ fees and disbursements) incurred in good faith by an indemnified representative in advance of the final disposition of a proceeding described in Section 7.01 or the initiation of or participation in a proceeding which is authorized pursuant to Section 7.02 upon receipt of an undertaking by or on behalf of the indemnified representative to repay the amount if it is ultimately determined pursuant to Section 7.06 that such person is not entitled to be indemnified by the corporation pursuant to this article. The financial ability of an indemnified representative to repay an advance shall not be a prerequisite to the making of such advance.

Section 7.04. Securing of Indemnification Obligations. To further effect, satisfy or secure the indemnification obligations provided herein or otherwise, the corporation may maintain insurance, obtain a letter of credit, act as self-insurer, create a reserve, trust, escrow, cash collateral or other fund or account, enter into indemnification agreements, pledge or grant a security interest in any assets or properties of the corporation, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon such other terms and conditions as the Board of Directors shall deem appropriate. Absent fraud, the determination of the Board of Directors with respect to such amounts, costs, terms and conditions shall be conclusive against all security holders, officers and directors and shall not be subject to voidability.

Section 7.05. Payment of Indemnification. An indemnified representative shall be entitled to indemnification within 30 days after a written request for indemnification has been delivered to the Secretary of the corporation.

Section 7.06. Arbitration.

(a) General Rule. Any dispute related to the right to indemnification, contribution or advancement of expenses as provided under this article, except with respect to indemnification for liabilities arising under the Securities Act of 1933 that the corporation has undertaken to submit to a court for adjudication, shall be decided by arbitration in Pittsburgh, Pennsylvania, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before a single arbitrator selected by agreement of the parties. In the event that the parties cannot agree upon the selection of an arbitrator within ten (10) days after arbitration is initiated, the parties agree that the American Arbitration Association in Pittsburgh, Pennsylvania will select the arbitrator.

(b) Arbitration Procedures. The arbitrator shall decide the dispute or controversy in accordance with the following procedures:

(1) Within ten (10) days of the selection of an arbitrator, each party shall submit to the arbitrator its written position (the "Initial Submission") provided that neither memorandum of position shall exceed 10 pages, double spaced plus such documentary evidence as the parties deem necessary. In connection with the Initial Submission, neither of the parties may submit (and the arbitrator may not accept) any additional documentation (including affidavits).

(2) Within ten (10) days of the delivery of the Initial Submission, each party may submit to the arbitrator a reply memorandum (the "Reply Submission"), provided that neither reply memorandum shall exceed 5 pages, double spaced. In connection with the Reply Submission, neither of the parties may submit (and the arbitrator may not accept) any additional documentation (including affidavits).

(3) Within ten (10) days of the expiration of the period for the delivery of the Reply Submission, the arbitrator, if he or she deems it necessary or advisable, may call a hearing which may be by telephone conference (the "Hearing"). At any Hearing, the arbitrator may ask representatives and counsel for the parties questions with respect to the issue to be decided and positions of the parties. In connection with the Hearing, neither of the parties may offer (and the arbitrator may not accept) any testimony or additional documentation (including affidavits).

(4) Within seven (7) days after the later to occur, if such is to occur, of (i) the Hearing or (ii) the Reply Submission, the arbitrator shall render his or her decision.

(5) The arbitrator shall notify promptly the parties in writing of the decision, together with the amount of any dispute resolution costs arising with respect thereto (the "Notice of Decision"). The Notice of Decision need not contain an explanation of the decision or grounds therefor.

(6) The decision entered by the arbitrator shall be final, binding and nonappealable and judgment may be entered thereon by any party in accordance with applicable law in any court of competent jurisdiction, except that the corporation shall be entitled to interpose as a defense in any such judicial enforcement proceeding any prior final judicial determination adverse to the indemnified representative under Section 7.01(a)(2) in a proceeding not directly involving indemnification under this article. This arbitration provision shall be specifically enforceable.

(c) Qualifications of Arbitrator. The arbitrator selected as provided herein is required to be or have been a director or executive officer of a corporation whose shares of common stock were listed during at least one year of such service on the New York Stock Exchange or the American Stock Exchange or quoted on the National Association of Securities Dealers Automated Quotations System.

(d) Burden of Proof. The party or parties challenging the right of an indemnified representative to the benefits of this article shall have the burden of proof.

(e) Expenses. The corporation shall reimburse an indemnified representative for the expenses (including attorneys' fees and disbursements) incurred in successfully prosecuting or defending such arbitration.

Section 7.07. Contribution. If the indemnification provided for in this article or otherwise is unavailable for any reason in respect of any liability or portion thereof, the corporation shall contribute to the liabilities to which the indemnified representative may be subject in such proportion as is appropriate to reflect the intent of this article or otherwise.

Section 7.08. Contract Rights; Amendment or Repeal. All rights under this article shall be deemed a contract between the corporation and the indemnified representative pursuant to which the corporation and each indemnified representative intend to be legally bound. Any repeal, amendment or modification hereof shall be prospective only and shall not affect any rights or obligations then existing.

Section 7.09. Scope of Article. The rights granted by this article shall not be deemed exclusive of any other rights to which those seeking indemnification, contribution or advancement of expenses may be entitled under any statute, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in an indemnified capacity and as to action in any other capacity. The indemnification, contribution and advancement of expenses provided by or granted pursuant to this article shall continue as to a person who has ceased to be an indemnified representative in respect of matters arising prior to such time, and shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person.

Section 7.10. Reliance on Provisions. Each person who shall act as an indemnified representative of the corporation shall be deemed to be doing so in reliance upon the rights of indemnification, contribution and advancement of expenses provided by this article.

Section 7.11. Interpretation. The provisions of this article are intended to constitute bylaws authorized by 15 Pa. C.S.A. § 1746.

ARTICLE VIII

Miscellaneous

Section 8.01. Corporate Seal. The corporation shall have a corporate seal in the form of a circle containing the name of the corporation, the year of incorporation and such other details as may be approved by the Board of Directors. The affixation of the corporate seal shall not be necessary to the valid execution, assignment or endorsement by the corporation of any instrument or other document.

Section 8.02. Checks. All checks, notes, bills of exchange or other similar orders in writing shall be signed by such one or more officers or employees of the corporation as the Board of Directors may from time to time designate.

Section 8.03. Contracts.

(a) General Rule. Except as otherwise provided in the Business Corporation Law in the case of transactions that require action by the shareholders, the Board of Directors may authorize any officer or agent to enter into any contract or to execute or deliver any instrument on behalf of the corporation, and such authority may be general or confined to specific instances.

(b) Statutory Form of Execution of Instruments. Any note, mortgage, evidence of indebtedness, contract or other document, or any assignment or endorsement thereof, executed or entered into between the corporation and any other person, when signed by one or more officers or agents having actual or apparent authority to sign it, or by the

President or Vice President and Secretary or Assistant Secretary or Treasurer or Assistant Treasurer of the corporation, shall be held to have been properly executed for and in behalf of the corporation, without prejudice to the rights of the corporation against any person who shall have executed the instrument in excess of his or her actual authority.

Section 8.04. Corporate Records.

(a) Required Records. The corporation shall keep complete and accurate books and records of account, minutes of the proceedings of the incorporators, shareholders and directors and a share register giving the names and addresses of all shareholders and the number and class of shares held by each. The share register shall be kept at either the registered office of the corporation in the Commonwealth of Pennsylvania or at its principal place of business wherever situated or at the office of its registrar or transfer agent. Any books, minutes or other records may be in written form or any other form capable of being converted into written form within a reasonable time.

(b) Right of Inspection. Every shareholder shall, upon written verified demand stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the share register, books and records of account, and records of the proceedings of the incorporators, shareholders and directors and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to the interest of the person as a shareholder. In every instance where an attorney or other agent is the person who seeks the right of inspection, the demand shall be accompanied by a verified power of attorney or other writing that authorizes the attorney or other agent to so act on behalf of the shareholder. The demand shall be directed to the corporation at its registered office in the Commonwealth of Pennsylvania or at its principal place of business wherever situated.

SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (the "Amendment"), dated as of April 25, 2014 by and among KOPPERS INC., a Pennsylvania corporation (the "Borrower"), the GUARANTORS (as defined in the Credit Agreement), the LENDERS (as defined in the Credit Agreement), and PNC BANK, NATIONAL ASSOCIATION, as Administrative Agent (in such capacity, the "Administrative Agent").

WITNESSETH:

WHEREAS, this Amendment, amends that certain Amended and Restated Credit Agreement dated as of March 27, 2013, as amended by the First Amendment to Amended and Restated Credit Agreement December 13, 2013 (as amended, the "Credit Agreement").

WHEREAS, Borrower has requested the Lenders to modify the definition of Consolidated EBITDA in the Credit Agreement, and the Administrative Agent and the Lenders have agreed to such modifications as described in this Amendment. Capitalized terms not otherwise defined in this Amendment have the meanings given to them in the Credit Agreement.

NOW, THEREFORE, the parties hereto, in consideration of their mutual covenants and agreements herein contained and intending to be legally bound hereby, covenant and agree as follows:

1. Recitals. The foregoing recitals are true and correct and incorporated herein by reference.

2. Amendments to Credit Agreement.

(a) Section 1.1 [Defined Terms]. Section 1.1 of the Credit Agreement is hereby amended to include the following defined terms in their appropriate alphabetical positions:

New Note Indenture shall mean any indenture or similar agreement entered into by the Borrower after the Closing Date to the extent permitted by Section 8.2.14(ii) [Changes in 2009 Senior Note Debt Documents; Limitations on New Note Indentures] under which Indebtedness shall be issued for any purpose set forth in such indenture or agreement, together with any refinancings, refundings, amendments, modifications, replacements and restatements, or the like thereto from time to time to the extent permitted by Section 8.2.14(ii) [Changes in 2009 Senior Note Debt Documents; Limitations on New Note Indentures].

Osmose Diligence shall mean the due diligence and related evaluations undertaken in contemplation of or in connection with the transactions contemplated by the Stock Purchase Agreement by and among Osmose Holdings, Inc., Osmose, Inc., Osmose Railroad Services, Inc., and Koppers Inc., dated as of April 13, 2014.

(b) Section 1.1 [Defined Terms]. Section 1.1 of the Credit Agreement is hereby amended to amend and restate the following defined terms in their entirety:

Change of Control shall mean (i) any person or group of persons (within the meaning of Sections 13(d) or 14(a) of the Securities Exchange Act of 1934, as amended) shall have acquired beneficial ownership of (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under said Act) 35% or more of the voting capital stock of KI Holdings, (ii) KI Holdings shall cease to own 100% of the outstanding capital stock of the Borrower, (iii) a “Change of Control” as defined in the 2009 Senior Note Indenture or, if applicable, any change of control under any New Note Indenture shall occur, or (iv) the Borrower shall cease to own 100% of the outstanding capital stock, member interests or partnership interests of any Loan Party except as permitted in this Agreement or following the consent of the Required Lenders.

Consolidated EBITDA for any period of determination shall mean (i) the sum of, without duplication, (a) net income, (b) depreciation, (c) depletion, (d) amortization, (e) other non-recurring, non-cash charges to net income, (f) losses on the sale of assets outside the ordinary course of business, (g) interest expense, (h) income tax expense, (i) cash dividends received from Affiliates to the extent not included in determining Consolidated Net Income, (j) equity losses of Affiliates (other than Consolidated Subsidiaries) to the extent included in determining Consolidated Net Income for such period, (k) non-recurring cash and non-cash charges to net income in an aggregate cumulative amount during the term of this Agreement not greater than \$75,000,000 related to discontinuation or sale of business operations of the Borrower and its Subsidiaries as such charges are incurred and (l) all unamortized financing costs written off, and premiums paid, gains/losses incurred, and/or charges and fees paid and not capitalized, in each case, by the Loan Parties in connection with any (x) the Osmose Diligence, (y) early extinguishment of the 2009 Notes or (z) exchange, redemption, repurchase, tender or retirement of the 2009 Notes, minus (ii) the sum of non-recurring, non-cash credits to net income, gains on the sale of assets outside the ordinary course of business, and equity earnings of Affiliates (other than Consolidated Subsidiaries) to the extent included in determining Consolidated Net Income for such period, in each case of the Borrower and its Subsidiaries for such period determined and consolidated in accordance with GAAP. For purposes of

determining Consolidated EBITDA, items related to Excluded Subsidiaries shall be excluded, except that cash dividends paid by an Excluded Subsidiary to a wholly-owned Subsidiary of the Borrower (other than Koppers Beijing, Koppers Mauritius or any of their respective subsidiaries) shall be included in Consolidated EBITDA, but only to the extent that such dividends paid by the Excluded Subsidiaries exceed the loans, advances and investments made by the Loan Parties in or to such Excluded Subsidiaries and their respective subsidiaries during the period of measurement. For purposes of this definition, with respect to a business acquired by the Loan Parties pursuant to a Permitted Acquisition, Consolidated EBITDA as reported in the maximum Leverage Ratio shall be calculated on a pro forma basis, using (i) historical numbers, in accordance with GAAP as if the Permitted Acquisition had been consummated at the beginning of such period or (ii) financial effects that are reasonably identifiable and factually supportable, as projected by the Borrower in good faith, and agreed to by the Administrative Agent, and set forth in a certificate delivered by an Authorized Officer of the Borrower to the Administrative Agent (which certificate shall also set forth in reasonable detail the calculation of such financial effects). Additionally, for purposes of this definition, with respect to a business or assets disposed of by the Loan Parties pursuant to Section 8.2.7 [Disposition of Assets or Subsidiaries] hereof, Consolidated EBITDA as reported in the maximum Leverage Ratio shall be calculated as if such disposition had been consummated at the beginning of such period.

(c) Section 6.1.26 [Senior Debt Status]. Section 6.1.26 of the Credit Agreement is hereby amended and restated in its entirety as follows:

6.1.26 Senior Debt Status. The Obligations of each Loan Party under this Agreement, the Notes, the Guaranty Agreements and each of the other Loan Documents to which it is a party do rank and will rank at least pari passu in priority of payment with all other Indebtedness of such Loan Party except Indebtedness of such Loan Party to the extent secured by Permitted Liens. There is no Lien upon or with respect to any of the properties or income of any Loan Party or Subsidiary of any Loan Party which secures indebtedness or other obligations of any Person except for Permitted Liens. The Obligations of the Borrower hereunder constitute and will constitute "Senior Indebtedness" within the meaning of such term in the 2009 Senior Note Indenture or, if applicable, any equivalent term under any New Note Indenture, and all or a portion of the Obligations of the Borrower hereunder constitute or will constitute "First Lien Obligations" within the meaning of such term in the 2009 Senior Note Indenture or, if applicable, any equivalent term under any New Note Indenture.

(d) Section 8.2.1(viii) [Indebtedness]. Clause (viii) of Section 8.2.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

(viii) The 2009 Senior Note Debt of the Borrower or Indebtedness of the Borrower arising under any New Note Indenture in an aggregate principal amount not to exceed \$450,000,000; provided, however, that Borrower may incur Indebtedness under the 2009 Note Indenture or any New Note Indenture of up to \$500,000,000, subject to the condition that to the extent that such Indebtedness exceeds \$450,000,000, the Borrower shall reduce permanently the Revolving Credit Commitments then in effect on a dollar for dollar basis, and Guaranties of the domestic Loan Parties executed in connection with the 2009 Senior Note Debt or Indebtedness under any New Note Indenture subject, however, to the requirements of Section 8.2.3 [Guaranties];

(e) Section 8.2.3 [Guaranties]. The last paragraph of Section 8.2.3 of the Credit Agreement is hereby amended and restated in its entirety as follows:

Notwithstanding the foregoing, no Subsidiary shall execute any Guaranty of any Indebtedness of the 2009 Senior Notes or any notes issued under any New Note Indenture unless, prior to the date of such execution, such Subsidiary has executed and delivered a Guaranty Agreement in favor of the Administrative Agent.

(f) Section 8.2.5 [Restricted Payments]. Clause (ii) of Section 8.2.5 of the Credit Agreement is hereby amended and restated in its entirety as follows:

(ii) payments made by the Borrower to repurchase the 2009 Senior Notes or any notes issued under any New Note Indenture so long as prior to and after giving effect to any such dividend or distribution, (A) Undrawn Availability is at least \$50,000,000, and (B) no Event of Default or Potential Default will have occurred and be continuing or shall exist.

(g) Section 8.2.14(ii) [Changes in 2009 Senior Note Debt Documents]. Clause (ii) of Section 8.2.14 of the Credit Agreement is hereby amended and restated in its entirety as follows:

(ii) Changes in 2009 Senior Note Debt Documents; Limitations on New Note Indentures. Each of the Loan Parties shall not, and shall not permit any of its Subsidiaries to, amend, modify, supplement or restate any of the 2009 Senior Note Debt

Documents or waive compliance by any Person party thereto with any provision thereof without providing at least thirty (30) calendar days' prior written notice to the Administrative Agent and, in the event such change could be adverse to the Lenders as reasonably determined by the Administrative Agent, obtaining the prior written consent of the Required Lenders. Without limiting the generality of the foregoing, the Administrative Agent may deem any such amendment, modification, supplement or restatement to be adverse if the covenants which relate to the Borrower and its Subsidiaries set forth in the terms and conditions of any such notes and related documents are more restrictive in any material respect than the covenants set forth in this Agreement.

Each of the Loan Parties shall not agree to, permit, or suffer to exist any New Note Indenture, unless such New Note Indenture, and the Indebtedness thereunder, meets all of the following criteria:

(a) after giving effect to any New Note Indenture, the Loan Parties shall be in compliance with the covenants and other requirements of this Agreement (including those set forth in Sections 8.2.16 [Minimum Fixed Charge Coverage Ratio] and 8.2.17 [Maximum Leverage Ratio] of this Agreement) and no Event of Default or Potential Default shall exist or be continuing;

(b) the events of default and covenants set forth in any New Note Indenture, shall not be more restrictive, in any material respect, than the Events of Default and covenants set forth in this Agreement;

(c) the payment of the Indebtedness outstanding under any New Note Indenture, shall not be secured (other than to the extent of customary rights of set off) by any Lien on any property or assets of any Loan Party;

(d) no New Note Indenture shall prohibit any Loan Party from providing any Lien, now or hereafter, to the Administrative Agent or any Lender to secure the payment or performance of any or all of the Obligations;

(e) no Obligations of the Loan Parties under this Agreement and the other Loan Documents shall conflict with or violate the terms of any New Note Indenture, and any Loans outstanding or hereafter made to the Borrowers and any Letters of Credit issued or hereafter issued under this Agreement shall continue to be permitted to be incurred under such New Note Indenture; and

(f) the Indebtedness outstanding under any New Note Indenture, will not conflict with or violate the terms of this Agreement or any other Loan Document.

3. Conditions Precedent. The Borrower, the Guarantors and the Lenders acknowledge that this Amendment shall not be effective until the date each of the following conditions precedent has been satisfied (such date is referred to herein as the "Effective Date"):

(a) The Borrower, the Guarantors, the Required Lenders, and the Administrative Agent shall have executed, and delivered to the Administrative Agent, this Amendment;

(b) Since December 31, 2013, no Material Adverse Change shall have occurred with respect to the Borrower or any of the Guarantors;

(c) No default or event of default shall have occurred or will occur under the terms of any other agreement involving borrowed money or the extension of credit or any other Indebtedness under which any Loan Party or Subsidiary of any Loan Party may be obligated as a borrower or guarantor as a result of and after giving effect to the transactions contemplated by this Amendment;

(d) The Borrower and the Guarantors shall have obtained all approvals and consents necessary to consummate the transactions contemplated by this Amendment;

(e) The Borrower shall have paid to the Administrative Agent all fees required to be paid in connection with this Amendment, and the Borrower shall have reimbursed the Administrative Agent all fees and expenses, including without limitation, attorneys' fees, for which the Administrative Agent is entitled to be reimbursed; and

(f) All legal details and proceedings in connection with the transactions contemplated by this Amendment and all other Loan Documents to be delivered to the Lenders shall be in form and substance reasonably satisfactory to the Administrative Agent.

4. Representations, Warranties and Covenants. The Borrower and each Guarantor covenants and agrees with and represents and warrants to the Administrative Agent and the Lenders as follows:

(a) the Borrower's and Guarantors' obligations under the Credit Agreement, as modified hereby, are and shall remain secured by the Collateral, pursuant to the terms of the Credit Agreement and the other Loan Documents;

(b) The Borrower and each of the Guarantors possesses all of the powers requisite for it to enter into and carry out the transactions of the Borrower and each Guarantor referred to herein and to execute, enter into and perform the terms and conditions of this Amendment, the Credit Agreement and the other Loan Documents and any other documents contemplated herein that are to be performed by the Borrower or

such Guarantor; any and all actions required or necessary pursuant to the Borrower's or such Guarantor's organizational documents or otherwise have been taken to authorize the due execution, delivery and performance by the Borrower and such Guarantor of the terms and conditions of this Amendment; the officers of the Borrower and each Guarantor executing this Amendment are the duly elected, qualified, acting and incumbent officers of such Loan Party and hold the titles set forth below their names on the signature lines of this Amendment; and such execution, delivery and performance will not conflict with, constitute a default under or result in a breach of any applicable law or any agreement, instrument, order, writ, judgment, injunction or decree to which the Borrower or such Guarantor is a party or by which the Borrower or such Guarantor or any of its properties is bound, and that all consents, authorizations and/or approvals required or necessary from any third parties in connection with the entry into, delivery and performance by the Borrower and such Guarantor of the terms and conditions of this Amendment, the Credit Agreement, the other Loan Documents and the transactions contemplated hereby have been obtained by the Borrower and such Guarantor and are full force and effect;

(c) this Amendment, the Credit Agreement, and the other Loan Documents constitute the valid and legally binding obligations of the Borrower and each Guarantor, enforceable against the Borrower and each Guarantor in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws and by general equitable principles, whether enforcement is sought by proceedings at law or in equity;

(d) all representations and warranties made by the Borrower and each Guarantor in the Credit Agreement and the other Loan Documents are true and correct in all material respects as of the date hereof, with the same force and effect as if all such representations and warranties were fully set forth herein and made as of the date hereof and the Borrower and each Guarantor has complied with all covenants and undertakings in the Credit Agreement and the other Loan Documents;

(e) this Amendment is not a substitution, novation, discharge or release of the Borrower's or any Guarantor's obligations under the Credit Agreement or any of the other Loan Documents, all of which shall and are intended to remain in full force and effect;

(f) no Event of Default or Potential Default has occurred and is continuing under the Credit Agreement or the other Loan Documents; there exist no defenses, offsets, counterclaims or other claims with respect to the Borrower's or any Guarantor's obligations and liabilities under the Credit Agreement or any of the other Loan Documents; and

(g) the Borrower and each Guarantor hereby ratifies and confirms in full its duties and obligations under the Credit Agreement, the Guaranty Agreement, and the other Loan Documents applicable to it, each as modified hereby.

5. Incorporation into Credit Agreement. This Amendment shall be incorporated into the Credit Agreement by this reference.

6. Severability. If any one or more of the provisions contained in this Amendment, the Credit Agreement, or the other Loan Documents shall be held invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained in this Amendment, the Credit agreement or the other Loan Documents shall not in any way be affected or impaired thereby, and this Amendment shall otherwise remain in full force and effect.

7. Successors and Assigns. This Amendment shall apply to and be binding upon the Borrower and each Guarantor in all respects and shall inure to the benefit of each of the Administrative Agent and the Lenders and their respective successors and assigns, provided that neither the Borrower nor any Guarantor may assign, transfer or delegate its duties and obligations hereunder. Nothing expressed or referred to in this Amendment is intended or shall be construed to give any person or entity other than the parties hereto a legal or equitable right, remedy or claim under or with respect to this Amendment, the Credit Agreement or any of the other Loan Documents, it being the intention of the parties hereto that this Amendment and all of its provisions and conditions are for the sole and exclusive benefit of the Borrower, the Guarantors, the Administrative Agent and the Lenders.

8. Reimbursement of Expenses. The Borrower unconditionally agrees to pay and reimburse the Administrative Agent and save the Administrative Agent harmless against liability for the payment of reasonable out-of-pocket costs, expenses and disbursements, including without limitation, fees and expenses of counsel incurred by the Administrative Agent in connection with the development, preparation, execution, administration, interpretation or performance of this Amendment and all other documents or instruments to be delivered in connection herewith.

9. Counterparts. This Amendment may be executed by different parties hereto in any number of separate counterparts, each of which, when so executed and delivered shall be an original and all such counterparts shall together constitute one and the same instrument.

10. Entire Agreement. This Amendment sets forth the entire agreement and understanding of the parties with respect to the transactions contemplated hereby and supersedes all prior understandings and agreements, whether written or oral, between the parties hereto relating to the subject matter hereof. No representation, promise, inducement or statement of intention has been made by any party which is not embodied in this Amendment, and no party shall be bound by or liable for any alleged representation, promise, inducement or statement of intention not set forth herein.

11. Governing Law. This Amendment shall be deemed to be a contract under the laws of the Commonwealth of Pennsylvania and for all purposes shall be governed by and construed and enforced in accordance with the internal laws of the Commonwealth of Pennsylvania without regard to its conflict of laws principles.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
[SIGNATURE PAGES FOLLOW]**

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed this Second Amendment as of the day and year first above written.

KOPPERS INC.

By: /s/ Louann E. Tronsberg Deihle

Name: Louann E. Tronsberg Deihle

Title: Treasurer

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

KOPPERS HOLDINGS INC.

By: /s/ Louann E. Tronsberg Deihle

Name: Louann E. Tronsberg Deihle

Title: Treasurer

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

KOPPERS WORLD-WIDE VENTURES
CORPORATION

By: /s/ Louann E. Tronsberg Deihle
Name: Louann E. Tronsberg Deihle
Title: Vice President

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

KOPPERS DELAWARE, INC.

By: /s/ Louann E. Tronsberg Deihle

Name: Louann E. Tronsberg Deihle

Title: Treasurer

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

KOPPERS ASIA LLC

By: /s/ Louann E. Tronsberg Deihle

Name: Louann E. Tronsberg Deihle

Title: Treasurer

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

KOPPERS CONCRETE PRODUCTS, INC.

By: /s/ Louann E. Tronsberg Deihle

Name: Louann E. Tronsberg Deihle

Title: Treasurer

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

CONCRETE PARTNERS, INC.

By: /s/ Louann E. Tronsberg Deihle

Name: Louann E. Tronsberg Deihle

Title: Treasurer

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

KOPPERS VENTURES LLC

By: /s/ Louann E. Tronsberg Deihle

Name: Louann E. Tronsberg Deihle

Title: Treasurer and Assistant Secretary

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

PNC BANK, NATIONAL ASSOCIATION,
as a Lender and as Administrative Agent

By: /s/ Tracy J. DeCock

Name: Tracy J. DeCock

Title: Senior Vice President

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

CITIZENS BANK OF PENNSYLVANIA,
as a Lender and as Syndication Agent

By: /s/ Carl S. Tabacjar, Jr.

Name: Carl S. Tabacjar, Jr.

Title: Vice President

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

BANK OF AMERICA, N.A.,
as a Lender and as Documentation Agent

By: /s/ Beth A. Henry

Name: Beth A. Henry

Title: Vice President

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

WELLS FARGO BANK, N.A.,
as a Lender and as Syndication Agent

By: /s/ J. Barrett Donovan
Name: J. Barrett Donovan
Title: Senior Vice President

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

FIRST COMMONWEALTH BANK,
as a Lender and as Syndication Agent

By: /s/ Joe Hynds

Name: Joe Hynds

Title: Senior Vice President

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

FIFTH THIRD BANK,
as a Lender

By: /s/ Michael S. Barnett
Name: Michael S. Barnett
Title: Managing Director

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
as a Lender

By: /s/ Mustafa Kahn

Name: Mustafa Kahn

Title: Director

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

FIRST NATIONAL BANK OF PENNSYLVANIA,
as a Lender

By: /s/ Dennis F. Lennon

Name: Dennis F. Lennon

Title: Vice President

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

THE HUNTINGTON NATIONAL BANK,
as a Lender

By: /s/ Michael Kiss
Name: Michael Kiss
Title: Vice President

**[SIGNATURE PAGE TO SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT]**

TRISTATE CAPITAL BANK,
as a Lender

By: /s/ Paul J. Orvis

Name: Paul J. Orvis

Title: Senior Vice President

Steven R. Lacy
Senior Vice President, Administration,
General Counsel and Secretary



Koppers Inc.
436 Seventh Avenue
Pittsburgh, PA 15219-1800
Tel 412 227 2889
Fax 412 227 2333
LacySR@koppers.com
www.koppers.com

April 24, 2014
Via Email

Mr. Brian H. McCurrie
[Home address]

Subject: Transitional Position

Dear Brian:

In follow-up to our conversation this afternoon, this letter describes the terms and conditions of the transitional assignment we discussed. As I mentioned, Koppers Inc. (the "Company") will, if you so agree, transfer you to the position of Senior Vice President, Business Development, effective tomorrow, April 25, 2014. You will remain in that position for a transitional period of no more than three months, (the "Transitional Period"); during the Transitional Period, you will report to the Company's President and Chief Executive Officer (the "CEO") and will be expected to discharge all of the duties and responsibilities assigned to you by the CEO. You will also be expected to assist the individual succeeding to your prior position as Senior Vice President, Global Carbon Materials and Chemicals with his transition into that position. At the conclusion of the Transitional Period, your employment with the Company will terminate.

As you know, you previously entered into an employment contract with the Company, which contract has been amended from time to time (as amended, the "Employment Contract"). The Company agrees to treat your termination of employment at any time during the Transitional Period as a termination under Section 7(b) of the Employment Contract. Section 7(b) of the Employment Contract provides, among other things, that the Company may terminate your employment without Cause (as defined in the Employment Contract) by giving you written Notice of Termination (as defined in the Employment Contract). This letter will serve as your written Notice of Termination under Section 7(b) of the Employment Contract. In addition, the Company agrees that if you voluntarily resign from your employment with the Company at any time during the Transitional Period, your resignation will be treated as a termination under Section 7(b) of the Employment Contract.

Other than as described above, your continued employment by the Company during the Transitional Period will be subject to all applicable terms of the Employment Contract.

Sincerely,

/s/ Steven R. Lacy
Steven R. Lacy

cc: Walter W. Turner
Daniel R. Groves

KOPPERS HOLDINGS INC.
RATIO OF EARNINGS TO FIXED CHARGES
(Dollars in millions, except ratios)

	2009	2010	2011	2012	2013	Three months ended March 31, 2014
Earnings:						
Income (loss) from continuing operations before taxes	\$ 35.5	\$ 73.8	\$52.5	\$100.6	\$ 77.0	\$ (6.1)
Deduct: Equity earnings net of dividends	(0.8)	0.0	0.2	0.8	0.8	0.1
Deduct: Pre-tax income of noncontrolling interests	3.4	0.5	0.9	2.0	0.0	0.0
Add: Fixed charges	71.6	40.3	40.8	41.6	39.4	10.6
Earnings as defined	\$104.5	\$113.6	\$92.2	\$139.4	\$115.6	\$ 4.4
Fixed charges:						
Interest expensed	\$ 58.7	\$ 27.1	\$27.2	\$ 27.9	\$ 26.8	\$ 6.8
Other	0.5	0.0	0.0	0.0	0.4	0.6
Rents	41.5	42.5	43.8	44.3	39.4	10.3
Interest factor	31%	31%	31%	31%	31%	31%
Estimated interest component of rent	12.9	13.2	13.6	13.7	12.2	3.2
Total fixed charges	\$ 72.1	\$ 40.3	\$40.8	\$ 41.6	\$ 39.4	\$ 10.6
Ratio of earnings to fixed charges	1.45	2.82	2.26	3.35	2.93	(a)

(a) Earnings did not cover fixed charges by \$6.2 million

CERTIFICATIONS

I, Walter W. Turner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Koppers Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-5(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2014

/s/ WALTER W. TURNER

Walter W. Turner

President and Chief Executive Officer

CERTIFICATIONS

I, Leroy M. Ball, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Koppers Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-5(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2014

/s/ LEROY M. BALL

Leroy M. Ball

Chief Operating Officer and Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Koppers Holdings Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies in his capacity as an officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ WALTER W. TURNER
Walter W. Turner
Chief Executive Officer

May 7, 2014

/s/ LEROY M. BALL
Leroy M. Ball
Chief Financial Officer

May 7, 2014