

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013

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)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value \$0.01 per share
Title of Each Class

New York Stock Exchange
Name of Exchange on which registered

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act: Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

The aggregate market value of Common Stock held by non-affiliates of the registrant, based on the closing sales price of the Common Stock on the New York Stock Exchange on June 30, 2013 was \$774.0 million (affiliates, for this purpose, have been deemed to be Directors and executive officers of Koppers Holdings Inc.).

As of January 31, 2014, 20,634,103 shares of Common Stock of the registrant were issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2014 Annual Meeting of Shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

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FORWARD-LOOKING INFORMATION

This report and the 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 other documents filed with the SEC, or in our communications with and discussions with investors and analysts in the normal course of business through meetings, phone calls and conference calls 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:

- ; general economic and business conditions;
- ; demand for our goods and services;
- ; availability of and fluctuations in the prices of key raw materials, including coal tar and timber;
- ; competitive conditions in the industries in which we operate;
- ; the ratings on our debt and our ability to repay or refinance our outstanding indebtedness as it matures;
- ; our ability to operate within the limitations of our debt covenants;
- ; interest rate fluctuations and other changes in borrowing costs;
- ; other capital market conditions, including foreign currency rate fluctuations;
- ; economic and political conditions in international markets, including governmental changes and restrictions on the ability to transfer capital across countries;
- ; potential impairment of our goodwill and/or long-lived assets;
- ; parties who are obligated to indemnify us for legal and environmental liabilities fail to perform under their legal obligations;
- ; changes in laws, including increased tax rates, regulations or accounting standards, third-party relations and approvals, and decisions of courts, regulators and governmental bodies;
- ; the effects of competition, including locations of competitors and operating and market competition;
- ; unfavorable resolution of litigation against us; and
- ; the other factors set forth under "Risk Factors."

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. We undertake no obligation to publicly update or revise any forward looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

PART I**ITEM 1. BUSINESS****General**

In this report, unless otherwise noted or the context otherwise requires, (i) the term "Koppers", "Koppers Holdings", the "Company", "we" or "us" refers to Koppers Holdings Inc. and its consolidated subsidiaries, (ii) the term "KH" refers to Koppers Holdings Inc. and not any of its subsidiaries and (iii) the term "KI" refers to Koppers Inc. and not any of its subsidiaries. Koppers Inc. is a wholly-owned subsidiary of Koppers Holdings Inc. Koppers Holdings Inc. has substantially no operations independent of Koppers Inc. and its subsidiaries. The use of these terms is not intended to imply that Koppers Holdings and Koppers Inc. are not separate and distinct legal entities from each other and from their respective subsidiaries.

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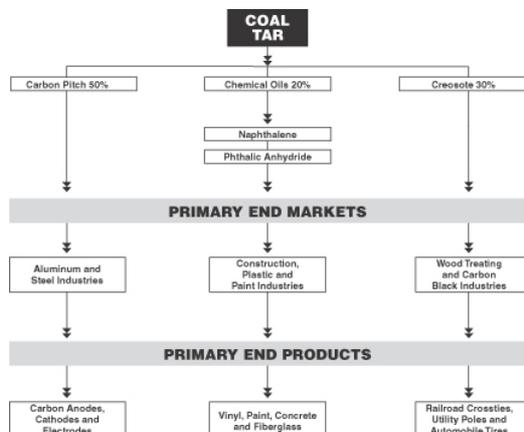
Koppers Holdings Inc. was incorporated in November 2004 as a holding company for Koppers Inc. We are a leading integrated global provider of carbon compounds and commercial wood treatment products and services. Our products are used in a variety of niche applications in a diverse range of end-markets, 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, Canada, and the Netherlands.

We operate two principal business segments: Carbon Materials and Chemicals and Railroad and Utility Products and Services.

Our operations are, to a substantial extent, vertically integrated. Through our Carbon Materials and Chemicals business, we process coal tar into a variety of products, including carbon pitch, creosote, naphthalene and phthalic anhydride, which are intermediate materials necessary in the production of aluminum, the pressure treatment of wood, the production of high-strength concrete, and the production of plasticizers and specialty chemicals, respectively. Through our Railroad and Utility Products and Services business, we believe that we are the largest supplier of railroad cross-ties to the North American railroads.

Carbon Materials and Chemicals

Carbon pitch, naphthalene, and creosote are produced through the distillation of coal tar, a by-product generated through the processing of coal into coke for use in steel and iron manufacturing. Coal tar distillation involves the conversion of coal tar into a variety of intermediate chemical products in processes beginning with distillation. During the distillation process, heat and vacuum are utilized to separate coal tar into three primary components: carbon pitch (approximately 50 percent), chemical oils (approximately 20 percent) and creosote (approximately 30 percent). The diagram below shows the streams derived from coal tar distillation:



Our Carbon Materials and Chemicals business ("CMC") manufactures the following principal products:

- ; carbon pitch, a critical raw material used in the production of aluminum and steel;
- ; naphthalene, used for the production of phthalic anhydride and as a surfactant in the production of concrete;
- ; phthalic anhydride, used in the production of plasticizers, polyester resins and alkyd paints; and
- ; creosote and carbon black feedstock, used in the treatment of wood or as a feedstock in the production of carbon black, respectively.

Carbon Pitch

Carbon pitch is a critical raw material used in the production of aluminum and for the production of steel in electric arc furnaces. Approximately one ton of carbon pitch is required for every 10 tons of aluminum produced and there are currently no known viable substitutes for carbon pitch in the aluminum production process. Over 90 percent of our carbon pitch is sold to the aluminum industry, typically under long-term contracts ranging from three to five years. Many of these long-term contracts have provisions for periodic pricing reviews. We have been a leading supplier of carbon pitch to the aluminum industry for over 20 years, and we believe we are the largest producer of carbon pitch for the aluminum industry. Competitive factors in the carbon pitch market include price, quality, service and security of supply. We believe we have a competitive advantage based on our global presence and long-term raw material supply contracts.

In the United States, these supply contracts generally have terms ranging from two to 25 years, and most provide options for renewal. Pricing under these contracts is generally either formula-based, with adjustments on an annual or semi-annual basis, or fixed for the duration of the contract. Our primary European supply contracts either extend indefinitely unless terminated by five years advance notice, or have an initial term of 10 years after which they will extend indefinitely unless terminated by one year advance notice. These contracts contain formula-based pricing, which is reviewed or adjusted on a monthly, quarterly or annual basis. Our primary Australian supply contracts have terms ranging from five to ten years and contain formula-based pricing which is adjusted on an annual or semi-annual basis. Finally, in China, we have raw material contracts in place with each of our respective joint venture partners. These contracts are coterminous with the applicable joint venture arrangement and provide for formula-based pricing adjusted on a monthly or quarterly basis.

Naphthalene & Phthalic Anhydride

Chemical oils are further processed to produce naphthalene which we sell into the industrial sulfonate market for use as dispersants or in the concrete additive and gypsum board markets. Additional end-uses include oil field additives, agricultural emulsifiers, synthetic tanning agents and dyestuffs. In the United States, we also use naphthalene as a feedstock in the manufacture of phthalic anhydride. The primary markets for phthalic anhydride are in the production of plasticizers, unsaturated polyester resins and alkyd resins. We believe our ability to utilize our internally produced naphthalene gives us a more stable supply and generally lower-cost feedstock for the production of phthalic anhydride compared to our competitors.

Creosote & Carbon Black Feedstock

In the United States and Canada, creosote is used as a commercial wood treatment chemical to preserve railroad crossties and lumber, utility poles and piling. The majority of our domestically produced creosote is sold to our Railroad and Utility Products and Services business. In Australia, China and Europe, creosote is sold primarily into the carbon black market for use as a feedstock in the production of carbon black. In Europe and China creosote is also sold to wood treaters. Our wood treating plants in North America purchase substantially all of their creosote from our tar distillation plants. We believe we are the only major competitor in this market that is integrated in this fashion. The remainder of our creosote is sold to railroads and other wood treaters.

Other Products

Other products include the sale of refined tars, benzole and specialty chemicals.

Our CMC business manufactures its primary products and sells them directly to our global customer base under long-term contracts or through purchase orders negotiated by our regional sales personnel and coordinated through our global marketing group in the United States. We believe we have a strategic advantage over our competitors based on our ability to access coal tar from many global suppliers. Our nine coal tar distillation facilities including joint ventures and four carbon materials terminals give us the ability to offer customers multiple sourcing and a consistent supply of high quality products.

Railroad and Utility Products and Services

Our Railroad and Utility Products and Services business ("RUPS") sells treated and untreated wood products, rail joint bars and services primarily to the railroad and public utility markets in the United States, Canada and Australia. We also produce concrete crossties, a complementary product to our wood treatment business, through a joint venture in the United States.

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Railroad products include procuring and treating items such as crossties, switch ties and various types of lumber used for railroad bridges and crossings. Railroad products also include manufacturing and selling rail joint bars, which are steel bars used to join rails together for railroads. Utility products include transmission and distribution poles for electric and telephone utilities and piling used in industrial foundations, beach housing, docks and piers. The RUPS business operates 14 wood treating plants, one rail joint bar manufacturing facility and 12 pole distribution yards located throughout the United States, Canada and Australia. Our network of plants is strategically located near timber supplies to enable us to access raw materials and service customers effectively. In addition, our crosstie treating plants are typically adjacent to our railroad customers' track lines, and our pole distribution yards are typically located near our utility customers.

Our RUPS business manufactures its primary products and sells them directly to our customers through long-term contracts and purchase orders negotiated by our regional sales personnel and coordinated through our marketing group at corporate headquarters.

Hardwoods, such as oak and other species, are the major raw materials in wood crossties. Hardwood prices, which account for more than 50 percent of a finished crosstie's cost, fluctuate with the demand from other hardwood lumber markets, such as oak flooring, pallets and other specialty lumber products. Weather conditions can be a factor in the supply of raw material, as unusually wet or inclement conditions may make it difficult to harvest timber.

In the United States, hardwood lumber is procured by us from hundreds of small sawmills throughout the northeastern, midwestern and southern areas of the country. The crossties are shipped via rail car or trucked directly to one of our crosstie treating plants, all of which are on line with a major railroad. The crossties are either air-stacked for a period of six to twelve months or artificially dried by a process called boultonizing. Once dried, the crossties are pressure treated with creosote, a product of our CMC business. A substantial portion of our crossties are treated with borate, which is purchased from outside suppliers, in combination with creosote.

We believe we are the largest supplier of railroad crossties in North America. There is one principal competitor and several smaller regional competitors in the North American market. Competitive factors in the railroad crosstie market include price, quality, location, service and security of supply. We believe we have a competitive advantage due to our national network of treating plants and direct access to our major customers' rail lines, which provide for security of supply and logistics advantages for our customers.

Our RUPS business' largest customer base is the North American Class I railroad market, which buys approximately 80 percent of all crossties produced in the United States and Canada. We also have relationships with many of the approximately 550 short-line and regional rail lines. This also forms the customer base for our rail joint bar products. The railroad crosstie market is a mature market with approximately 23 million replacement crossties (both wood and non-wood) purchased during 2013. We currently supply all seven of the North American Class I railroads and have contracts with six of them.

Demand for railroad crossties may decline during winter months due to inclement weather conditions which make it difficult to install railroad crossties. As a result, operating results may vary from quarter to quarter depending on the severity of weather conditions and other variables affecting our products.

Utility poles are produced mainly from softwoods such as pine in the United States and from hardwoods of the eucalyptus species in Australia. Most of these poles are purchased from large timber owners and individual landowners and shipped to one of our pole-peeling facilities. We treat poles with a variety of preservatives, including pentachlorophenol and copper chrome arsenates.

In the United States the market for utility pole products is characterized by a large number of small, highly competitive producers selling into a price-sensitive industry. The utility pole market is highly fragmented domestically, with over 200 investor-owned electric and telephone utilities and 2,900 smaller municipal utilities and rural electric associations. In recent years we have seen our utility pole volumes decrease due to industry deregulation, its impact on maintenance programs, and overcapacity in the pole treating business. We expect demand for utility poles to remain at low levels. In Australia, in addition to utility poles, we market smaller poles to the agricultural, landscape and vineyard markets.

We have a number of principal competitors in the U.S. utility products market. There are few barriers to entry in the utility products market, which consists of one large North American competitor and many regional wood treating companies operating small to medium-size plants and serving local markets.

Equity Investments

KSA Limited Partnership, located in Portsmouth, Ohio, produces concrete crossties, a complementary product to our wood treatment crosstie business. We own 50 percent of KSA, with the other 50 percent owned by subsidiaries of Heidelberg Cement AG. KSA Limited Partnership also provides concrete turnouts for rail traffic switching and used crosstie rehabilitation.

Tangshan Koppers Kailuan Carbon Chemical Company ("TKK") is a coal tar distillation facility located in China in the Hebei Province near the Jingtang Port. We hold a 30 percent investment in TKK.

Research and Development

Our research efforts are directed toward new product development regarding alternate uses for coal tar and technical service efforts to promote the use of creosote and vacuum-distilled carbon pitch. Expenditures for research and development were \$2.4 million, \$2.3 million and \$1.9 million, for the years ended December 31, 2013, 2012 and 2011, respectively.

Technology and Licensing

In 1988, we acquired certain assets from Koppers Company, Inc., including the patents, patent applications, trademarks, copyrights, transferable licenses, inventories, trade secrets and proprietary processes used in the businesses acquired. The most important trademark acquired was the name "Koppers." The association of the name with the chemical, building, wood preservation and coke industries is beneficial to our company, as it represents long-standing, high quality products. As long as we continue to use the name "Koppers" and comply with applicable registration requirements, our right to use the name "Koppers" should continue without expiration. The expiration of other intellectual property rights is not expected to materially affect our business.

Backlog

Generally, Koppers does not manufacture its products against a backlog of orders. Inventory and production levels are typically driven by expectations of future demand based on contractual obligations.

Seasonality

Demand for certain products may decline during winter months due to weather conditions. As a result, operating results may vary from quarter to quarter depending on the severity of weather conditions and other variables affecting our products.

Segment Information

Please see Note 8, "Segment Information," under Item 8 of this Form 10-K for financial information relating to business segments and geographic areas. See also "Item 1A. Risk Factors – Risks Related to Our Business – Demand for our products is cyclical and we may experience prolonged depressed market conditions for our products."

Non-U.S. Operations

Koppers has a significant investment in non-U.S. operations. Therefore, we are subject to certain risks that are inherent to foreign operations, including complying with applicable laws relating to foreign practices, the laws of foreign countries in which we operate, political and economic conditions in international markets and fluctuations in foreign exchange rates.

Environmental Matters

Our operations and properties are subject to extensive federal, state, local and foreign environmental laws and regulations relating to protection of the environment and human health and safety, including those concerning the treatment, storage and disposal of wastes, the investigation and remediation of contaminated soil and groundwater, the discharge of effluents into waterways, the emission of substances into the air, as well as various health and safety matters. Environmental laws and regulations are subject to frequent amendment and have historically become more stringent over time. We have incurred and could incur in the future significant costs as the result of our failure to comply with, and liabilities under, environmental laws

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and regulations, including cleanup costs, civil and criminal penalties, injunctive relief and denial or loss of, or imposition of significant restrictions on, environmental permits. In addition, we have been and could in the future be subject to suit by private parties in connection with alleged violations of, or liabilities under, environmental laws and regulations. See "Item 1A. Risk Factors – Risks Related to Our Business – We are subject to extensive environmental laws and regulations and may incur significant costs as a result of continued compliance with, violations of or liabilities under environmental laws and regulations" and Note 18 of the Notes to Consolidated Financial Statements, "Commitments and Contingent Liabilities."

Employees and Employee Relations

As of December 31, 2013, we had 603 salaried employees and 986 non-salaried employees. Listed below is a breakdown of employees by our businesses, including administration.

<i>Business</i>	<i>Salaried</i>	<i>Non-Salaried</i>	<i>Total</i>
Carbon Materials and Chemicals	304	366	670
Railroad and Utility Products and Services	206	618	824
Administration	93	2	95
Total Employees	603	986	1,589

Of our employees, approximately 60 percent are represented by approximately 15 different labor unions and are covered under numerous labor agreements. The United Steelworkers of America currently represent more than 250 of our employees at six of our facilities and, therefore, represents the largest number of our unionized employees.

Internet Access

Our Internet address is www.koppers.com. Our recent filings on Form 10-K, 10-Q and 8-K and any amendments to those documents can be accessed without charge on our website under Investor Relations – SEC Filings. The contents of our internet site are not incorporated by reference into this document.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below before investing in our publicly traded securities. Our business is subject to the risks that affect many other companies, such as competition, technological obsolescence, labor relations, general economic conditions, geopolitical events and international operations.

Risks Related to Our Business

Conditions in the global economy and global capital markets may adversely affect our results of operations, financial condition and cash flows.

The U.S. and global economy and capital markets have experienced significant uncertainties and volatility in the past few years. Our business and operating results for the last four years were significantly affected by these global economic issues. Many of our customers have experienced deterioration of their business during the latest business cycle. They may experience cash flow shortages and may have difficulty obtaining financing. As a result, our customers may delay or cancel plans to purchase our products and may not be able to fulfill their payment obligations to us in a timely fashion. Our suppliers may be experiencing similar conditions which could impact their ability to supply us with raw materials and otherwise fulfill their obligations to us. If global economic conditions deteriorate significantly, there could be a material adverse effect to our results of operations, financial condition and cash flows.

In addition, we rely on our \$350 million revolving credit agreement with a consortium of banks to provide us with liquidity to meet our working capital needs. At December 31, 2013, we had \$331 million of available borrowing capacity under this arrangement. Our ability to fund our liquidity needs and working capital requirements could be impacted in the event that disruptions in the credit markets result in the banks being unable to lend to us under our revolving credit agreement.

Global economic issues could prevent us from accurately forecasting demand for our products which could have a material effect on our results of operations and our financial condition.

Adverse global economic issues, market instability and volatile commodity price fluctuations make it increasingly difficult for us, our customers and our suppliers to accurately forecast future product demands, which could cause us to procure raw materials in excess of end-product demand. This could cause a material increase to our inventory carrying costs and result in significant inventory lower of cost or market charges.

We may be required to recognize impairment charges for our long-lived assets.

At December 31, 2013, the net carrying value of long-lived assets (property, plant and equipment, goodwill, other intangible assets and equity investments) totaled approximately \$289 million. In accordance with generally accepted accounting principles, we periodically assess these assets to determine if they are impaired. In 2013, we recognized impairment charges of approximately \$12 million for three coal tar distillation plants located in the Netherlands, China and the United States. In 2011, we recognized a charge of \$20 million related to a decision to close our Australian carbon black facility. Significant negative industry or economic trends, disruptions to our business, unexpected significant changes or planned changes in use of the assets, divestitures and market capitalization declines may result in impairments to goodwill and other long-lived assets. Future impairment charges could significantly affect our results of operations in the periods recognized. Impairment charges would also reduce our shareholders' equity and could affect compliance with the covenants in our debt agreements.

We may not be able to compete successfully in any or all of the industry segments in which we operate.

The markets in which we operate are highly competitive, and this competition could harm our business, results of operations, cash flow and financial condition. If we are unable to respond successfully to changing competitive conditions, the demand for our products could be affected. We believe that the most significant competitive factor for our products is selling price. Some of our competitors have greater financial resources and larger capitalization than we do.

Demand for our products is cyclical and we may experience prolonged depressed market conditions for our products.

Our products are sold primarily into markets which historically have been cyclical, such as the aluminum and specialty chemical markets.

- i The principal consumers of our carbon pitch are primary aluminum smelters. Although the aluminum industry has experienced growth on a long-term basis, there may be cyclical periods of weak demand which could result in decreased primary aluminum production. Our pitch sales have historically declined during such cyclical periods of weak global demand for aluminum.
- j The principal use of our phthalic anhydride is in the manufacture of plasticizers and flexible vinyl, which are used mainly in the housing and automobile industries. Therefore, a decline in remodeling and construction or global automobile production could reduce the demand for phthalic anhydride.

We are dependent on major customers for a significant portion of our net sales, and the loss of one or more of our major customers could result in a significant reduction in our profitability as a whole or the profitability of a particular product. For the year ended December 31, 2013, our top ten customers accounted for approximately 40 percent of our net sales. During this same period, our two largest customers combined accounted for approximately fourteen percent of our total net sales.

Fluctuations in the price, quality and availability of our primary raw materials could reduce our profitability.

Our operations depend on an adequate supply of quality raw materials being available on a timely basis. The loss of a key source of supply or a delay in shipments could cause a significant increase in our operating expenses. For example, our operations are highly dependent on a relatively small number of freight transportation services. We are also dependent on specialized ocean-going transport vessels that we lease to deliver raw materials to our facilities and finished goods to our customers. Interruptions in such freight services could impair our ability to receive raw materials and ship finished products in a timely manner. We are also exposed to price and quality risks associated with raw material purchases. Such risks include the following:

- i The primary raw material used by our Carbon Materials and Chemicals business is coal tar, a by-product of furnace coke production. A shortage in the supply of domestic coal tar or a reduction in the quality of coal tar could require us to increase coal tar and carbon pitch imports, as well as the use of petroleum substitutes to meet future carbon pitch demand. This could cause a significant increase in our operating expenses and we may be unable to pass these costs on to our customers.

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- ; In certain circumstances coal tar may also be used as an alternative to fuel. In the past, increases in energy prices have resulted in higher coal tar costs which we have attempted to pass through to our customers. If these increased costs cannot be passed through to our customers, it could result in margin reductions for our coal tar-based products.
- ; The availability and cost of softwood and hardwood lumber are critical elements in our production of pole products and railroad crossties, respectively. Historically, the supply and cost of hardwood for railroad crossties have been subject to availability and price pressures. We may not be able to obtain wood raw materials at economical prices in the future.
- ; Our price realizations and profit margins for phthalic anhydride have historically fluctuated with the price of orthoxylene and its relationship to our cost to produce naphthalene; however, during periods of excess supplies of phthalic anhydride, margins may be reduced despite high levels for orthoxylene prices.

If the costs of raw materials increase significantly and we are unable to offset the increased costs with higher selling prices, our profitability will decline.

Our products may be rendered obsolete or less attractive by changes in regulatory, legislative or industry requirements.

Changes in regulatory, legislative or industry requirements may render certain of our products obsolete or less attractive. Our ability to anticipate changes in these requirements, especially changes in regulatory standards, will be a significant factor in our ability to remain competitive. We may not be able to comply in the future with new regulatory, legislative and/or industrial standards that may be necessary for us to remain competitive and certain of our products may, as a result, become obsolete or less attractive to our customers.

The development of new technologies or changes in our customers' products could reduce the demand for our products.

Our products are used for a variety of applications by our customers. Changes in our customers' products or processes may enable our customers to reduce consumption of the products we produce or make our products unnecessary. Customers may also find alternative materials or processes that no longer require our products.

Hazards associated with chemical manufacturing may cause suspensions or interruptions of our operations.

Due to the nature of our business, we are exposed to the hazards associated with chemical manufacturing and the related use, storage and transportation of raw materials, products and wastes in our manufacturing facilities and our distribution centers, such as fires, explosions and accidents that could lead to a suspension or interruption of operations. Any disruption could reduce the productivity and profitability of a particular manufacturing facility or of our company as a whole. Other hazards include the following:

- ; piping and storage tank leaks and ruptures;
- ; mechanical failure;
- ; exposure to hazardous substances; and
- ; chemical spills and other discharges or releases of toxic or hazardous wastes, substances or gases.

These hazards, among others, may cause personal injury and loss of life, damage to property and contamination of the environment, which could lead to government fines or work stoppage injunctions, cleanup costs and lawsuits by injured persons. While we are unable to predict the outcome of such matters, if determined adversely to us, we may not have adequate insurance to cover related costs or liabilities and, if not, we may not have sufficient cash flow to pay for such costs or liabilities. Such outcomes could harm our customer goodwill and reduce our profitability.

We are subject to extensive environmental laws and regulations and may incur significant costs as a result of continued compliance with, violations of or liabilities under environmental laws and regulations.

Like other companies involved in environmentally sensitive businesses, our operations and properties are subject to extensive federal, state, local and foreign environmental laws and regulations, including those concerning the following, among other things:

- ; the treatment, storage and disposal of wastes;
- ; the investigation and remediation of contaminated soil and groundwater;

- ; the discharge of effluents into waterways;
- ; the emission of substances into the air;
- ; the marketing, sale, use and registration of our chemical products, such as creosote;
- ; the European Union's regulation under the Registration Evaluation Authorization and Restriction of Chemicals, which requires manufacturers or importers of substances manufactured or imported into the EU in quantities of one tonne per year or more to register with a central European Chemicals Agency; and
- ; other matters relating to environmental protection and various health and safety matters.

We have incurred, and expect to continue to incur, significant costs to comply with environmental laws and regulations and as a result of remedial obligations. We could incur significant costs, including cleanup costs, fines, civil and criminal sanctions and claims by third parties for property damage and personal injury, as a result of violations of or liabilities under environmental laws and regulations. We accrue for environmental liabilities when a determination can be made that they are probable and reasonably estimable. Total environmental reserves at December 31, 2013 and December 31, 2012 were \$11.9 million and \$14.1 million, respectively, which include provisions primarily for environmental fines and remediation. For the last three fiscal years, our annual capital expenditures in connection with environmental control facilities averaged approximately \$4 million, and annual operating expenses for environmental matters, excluding depreciation, averaged approximately \$17 million. Management estimates that capital expenditures in connection with matters relating to environmental control facilities will be approximately \$9 million for 2014. Contamination has been identified and is being investigated and remediated at many of our sites by us or other parties. We believe that we will have continuing significant expenditures associated with compliance with environmental laws and regulations and, to the extent not covered by insurance or available recoveries under third-party indemnification arrangements, for present and future remediation efforts at plant sites and third-party waste sites and other liabilities associated with environmental matters. There can be no assurance that these expenditures will not exceed current estimates and will not have a material adverse effect on our business, financial condition, cash flow and results of operations.

Actual costs and liabilities to us may exceed forecasted amounts. Moreover, currently unknown environmental issues, such as the discovery of additional contamination or the imposition of additional sampling or cleanup obligations with respect to our sites or third party sites, may result in significant additional costs, and potentially significant expenditures could be required in order to comply with future changes to environmental laws and regulations or the interpretation or enforcement thereof. We also are involved in various litigation and proceedings relating to environmental matters and toxic tort claims.

Future climate change regulation could result in increased operating costs and reduced demand for our products.

Although the United States has not ratified the Kyoto Protocol, a number of federal laws related to "greenhouse gas," or "GHG," emissions are being considered by Congress. Additionally, various federal, state and regional regulations and initiatives have been enacted or are being considered.

Member States of the European Union each have an overall cap on emissions which are approved by the European Commission and implement the EU Emissions Trading Directive as a commitment to the Kyoto Protocol. Under this Directive, organizations apply to the Member State for an allowance of GHG emissions. These allowances are tradable so as to enable companies that manage to reduce their GHG emissions to sell their excess allowances to companies that are not reaching their emissions objectives. Failure to purchase sufficient allowances will require the purchase of allowances at a current market price.

Legislation aimed at reducing GHG emissions by placing a cost on the production of GHG emissions was introduced and passed by the Australian government in 2011. The legislation was to be implemented using a two stage approach. The first stage was to be a fixed price carbon pricing mechanism which commenced on July 1, 2012 with a price that was to be fixed for the first three years. The second stage was to be a market-based emissions trading arrangement commencing on July 1, 2015 where the carbon price was to transition from a fixed price to a market price. A new Australian government was elected in September 2013. This new government has introduced a package of bills to repeal the carbon tax. These bills have successfully passed through the lower house of parliament but have not yet passed through the upper house of parliament. If successfully passed through the upper house, the bills will abolish the carbon tax effective July 1, 2014.

Any laws or regulations that may be adopted to restrict or reduce emissions of GHGs could cause an increase to our raw material costs, could require us to incur increased operating costs and could have an adverse effect on demand for our products.

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Beazer East and Beazer Limited may not continue to meet their obligations to indemnify us.

Under the terms of the asset purchase agreement between us and Koppers Company, Inc. (now known as Beazer East, Inc.) upon the formation of KI in 1988, subject to certain limitations, Beazer East and Beazer Limited assumed the liability for and indemnified us against, among other things, certain clean-up liabilities for contamination occurring prior to the purchase date at sites acquired from Beazer East and certain third-party claims arising from such contamination (the "Indemnity"). Beazer East and Beazer Limited (which are indirect subsidiaries of Heidelberg Cement AG) may not continue to meet their obligations. In addition, Beazer East could in the future choose to challenge its obligations under the Indemnity or our satisfaction of the conditions to indemnification imposed on us thereunder. The government and other third parties may have the right under applicable environmental laws to seek relief directly from us for any and all such costs and liabilities. In July 2004, we entered into an agreement with Beazer East to amend the December 29, 1988 asset purchase agreement to provide, among other things, for the continued tender of pre-closing environmental liabilities to Beazer East under the Indemnity through July 2019. As consideration for the agreement, we, among other things, paid Beazer East \$7.0 million and agreed to share toxic tort litigation defense costs arising from sites acquired from Beazer East. Qualified expenditures under the Indemnity are not subject to a monetary limit.

The Indemnity provides for the resolution of issues between KI 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 KI and Beazer East. Arbitration decisions under the Indemnity are final and binding on the parties. Periodically, issues have arisen between KI and Beazer East and/or other indemnitors that have been resolved without arbitration. From time to time, KI and Beazer East have engaged in discussions that involve, among other things, the allocation of environmental costs related to certain operating and closed facilities.

Without reimbursement under the Indemnity, the obligation to pay the costs and assume the liabilities relating to these matters would have a significant impact on our net income. Furthermore, without reimbursement, we could be required to record a contingent liability on our balance sheet with respect to environmental matters covered by the Indemnity, which could result in our having significant negative net worth. Finally, the Indemnity does not afford us indemnification against environmental costs and liabilities attributable to acts or omissions occurring after the closing of the acquisition of assets from Beazer East under the asset purchase agreement, nor is the Indemnity applicable to liabilities arising in connection with other acquisitions by us after that closing.

The insurance that we maintain may not fully cover all potential exposures.

We maintain property, casualty, general liability and workers' compensation insurance, but such insurance may not cover all risks associated with the hazards of our business and is subject to limitations, including deductibles and maximum liabilities covered. We may incur losses beyond the limits, or outside the coverage, of our insurance policies, including liabilities for environmental compliance and remediation. In addition, from time to time, various types of insurance for companies in our industry have not been available on commercially acceptable terms or, in some cases, have not been available at all. In the future, we may not be able to obtain coverage at current levels, and our premiums may increase significantly on coverage that we maintain.

Adverse weather conditions may reduce our operating results.

Our quarterly operating results fluctuate due to a variety of factors that are outside our control, including inclement weather conditions, which in the past have caused a decline in our operating results. For example, adverse weather conditions have at times negatively impacted our supply chain as wet conditions impacted logging operations, reducing our ability to procure crossties. In addition, adverse weather conditions have had a negative impact on our customers in the pavement sealer businesses, resulting in a negative impact on our sales of these products. Moreover, demand for many of our products declines during periods of inclement weather.

We are subject to risks inherent in foreign operations, including additional legal regulation and changes in social, political and economic conditions.

We have operations in the United States, Australia, China, the United Kingdom, the Netherlands, Canada and Denmark, and sell our products in many foreign countries. For the year ended December 31, 2013, net sales from products sold by our foreign subsidiaries accounted for approximately 40 percent of our total net sales.

Doing business on a global basis requires us to comply with the laws and regulations of the U.S. government and various international jurisdictions. These regulations place restrictions on our operations, trade practices and partners and investment decisions. In particular, our international operations are subject to U.S. and foreign anti-corruption laws and regulations, such as the Foreign Corrupt Practices Act, and economic sanction programs administered by the U.S. Treasury Department's Office of Foreign Assets Control. Violations of these laws and regulations may result in civil or criminal penalties, including fines.

In addition, as a global business, we are also exposed to market risks relating to fluctuations in interest rates and foreign currency exchange rates. Our international revenues could be reduced by currency fluctuations or devaluations. Changes in currency exchange rates could lower our reported revenues and could require us to reduce our prices to remain competitive in foreign markets, which could also reduce our profitability. We have not historically hedged our financial statement exposure and, as a result, we could incur unanticipated losses. We are also subject to potentially increasing transportation and shipping costs associated with international operations. Furthermore, we are also exposed to risks associated with changes in the laws and policies governing foreign investments in countries where we have operations as well as, to a lesser extent, changes in U.S. laws and regulations relating to foreign trade and investment.

Our strategy to selectively pursue complementary acquisitions may present unforeseen integration obstacles or costs.

Our business strategy includes the potential acquisition of businesses and entering into joint ventures and other business combinations that we expect would complement and expand our existing products and the markets where we sell our products. We may not be able to successfully identify suitable acquisition or joint venture opportunities or complete any particular acquisition, combination, joint venture or other transaction on acceptable terms. We cannot predict the timing and success of our efforts to acquire any particular business and integrate the acquired business into our existing operations. Also, efforts to acquire other businesses or the implementation of other elements of this business strategy may divert managerial resources away from our business operations. In addition, our ability to engage in strategic acquisitions may depend on our ability to raise substantial capital and we may not be able to raise the funds necessary to implement our acquisition strategy on terms satisfactory to us, if at all. Our failure to identify suitable acquisition or joint venture opportunities may restrict our ability to grow our business. In addition, we may not be able to successfully integrate businesses that we acquire in the future, which could lead to increased operating costs, a failure to realize anticipated operating synergies, or both.

Litigation against us could be costly and time-consuming to defend, and due to the nature of our business and products, we may be liable for damages arising out of our acts or omissions, which may have a material adverse effect on us.

We produce chemicals that require appropriate procedures and care to be used in handling them or using them to manufacture other products. As a result of the nature of some of the products we use and produce, we may face product liability, toxic tort and other claims relating to incidents involving the handling, storage and use of and exposure to our products.

For example, we are a defendant in a significant number of lawsuits in which the plaintiffs claim they have suffered a variety of illnesses (including cancer) and/or property damage as a result of exposure to coal tar pitch, benzene, wood treatment chemicals and other chemicals. A further description of the material claims against us is included in Note 18 of the consolidated financial statements.

We are indemnified for certain product liability exposures under the Indemnity with Beazer East related to products sold prior to the closing of the acquisition of assets from Beazer East. Beazer East and Beazer Limited may not continue to meet their obligations under the Indemnity. In addition, Beazer East could choose to challenge its obligations under the Indemnity or our satisfaction of the conditions to indemnification imposed on us thereunder.

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

In addition to the above, we are regularly subject to legal proceedings and claims that arise in the ordinary course of business, such as workers' compensation claims, governmental investigations, employment disputes, and customer and supplier disputes arising out of the conduct of our business. Litigation could result in substantial costs and may divert management's attention and resources away from the day-to-day operation of our business.

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Labor disputes could disrupt our operations and divert the attention of our management and may cause a decline in our production and a reduction in our profitability.

Of our employees, approximately 60 percent are represented by approximately 15 different labor unions and are covered under numerous labor agreements. The United Steelworkers of America currently represent more than 250 of our employees at six of our facilities and, therefore, represent the largest number of our unionized employees. Every year, a number of labor agreements are scheduled to expire. We may not be able to reach new agreements without union action or on terms satisfactory to us. Any future labor disputes with any such unions could result in strikes or other labor protests, which could disrupt our operations and divert the attention of our management from operating our business. If we were to experience a strike or work stoppage, it may be difficult for us to find a sufficient number of employees with the necessary skills to replace these employees. Any such labor disputes could cause a decline in our production and a reduction in our profitability.

Our post-retirement obligations are currently underfunded. We expect to make significant cash payments to our pension and other post-retirement plans, which will reduce the cash available for our business.

As of December 31, 2013, our benefit obligation under our defined benefit pension plans exceeded the fair value of plan assets by approximately \$32 million. Our pension asset funding to total pension obligation ratio was 87 percent as of December 31, 2013. The underfunding was caused, in large part, by fluctuations in the financial markets that have caused the value of the assets in our defined benefit pension plans to be significantly lower than anticipated and by fluctuations in interest rates which increased the discounted pension liabilities. In addition, our obligations for other post-retirement benefit obligations are unfunded and total approximately \$10 million at December 31, 2013.

During the years ended December 31, 2013 and December 31, 2012, we contributed \$22.5 million and \$22.4 million, respectively, to our post-retirement benefit plans. With respect to our U.S. defined benefit pension plan which is our largest plan, we had funding obligations of approximately \$7 million in 2013. We estimate that mandatory funding for this plan will be approximately \$5 million in 2014 and approximately \$8 million in 2015.

Management expects that any future obligations under our post-retirement benefit plans that are not currently funded will be funded from our future cash flow from operations. If our contributions to our post-retirement benefit plans are insufficient to fund the post-retirement benefit plans adequately to cover our future obligations, the performance of the assets in our pension plans does not meet our expectations or other actuarial assumptions or mandatory funding laws are modified, our contributions to our post-retirement benefit plans could be materially higher than we expect, thus reducing the cash available for our business.

We may incur significant charges in the event we close all or part of a manufacturing plant or facility.

We periodically assess our manufacturing operations in order to manufacture and distribute our products in the most efficient manner. Based on our assessments, we may make capital improvements to modernize certain units, move manufacturing or distribution capabilities from one plant or facility to another plant or facility, discontinue manufacturing or distributing certain products or close all or part of a manufacturing plant or facility, any of which could cause us to incur significant charges.

We depend on our senior management team and the loss of any member could adversely affect our operations.

Our success is dependent on the management, experience and leadership skills of our senior management team. Our senior management team has an average of over 20 years of industry experience. The loss of any of these individuals or an inability to attract, retain and maintain additional personnel with similar industry experience could prevent us from implementing our business strategy. We cannot assure you that we will be able to retain our existing senior management personnel or to attract additional qualified personnel when needed.

Risks Relating to Our Common Stock

Our stock price may be extremely volatile.

There has been significant volatility in the market price and trading volume of equity securities, which is unrelated to the financial performance of the companies issuing the securities. These broad market fluctuations may negatively affect the market price of our common stock.

Some specific factors that may have a significant effect on our common stock market price include the following:

- ; actual or anticipated fluctuations in our operating results or future prospects;
- ; the public's reaction to our press releases, our other public announcements and our filings with the Securities and Exchange Commission, (the "SEC");
- ; strategic actions by us or our competitors, such as acquisitions or restructurings;
- ; new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- ; changes in accounting standards, policies, guidance, interpretations or principles;
- ; adverse conditions in the financial markets or general economic conditions, including those resulting from war, incidents of terrorism and responses to such events;
- ; sales of common stock by us, members of our management team or a significant shareholder; and
- ; changes in stock market analyst recommendations or earnings estimates regarding our common stock, other comparable companies or the aluminum or railroad industry generally.

We cannot predict the extent to which investor interest in our company will continue to support an active trading market for our common stock on the New York Stock Exchange (the "NYSE") or otherwise or how liquid that market will continue to be. If there does not continue to be an active trading market for our common stock, you may have difficulty selling any of our common stock that you buy.

Future sales, or the perception of future sales, of a substantial amount of our common stock may depress the price of the shares of our common stock.

Future sales, or the perception or the availability for sale in the public market, of substantial amounts of our common stock could adversely affect the prevailing market price of our common stock and could impair our ability to raise capital through future sales of equity securities at a time and price that we deem appropriate.

We may issue shares of our common stock, or other securities, from time to time as consideration for future acquisitions and investments. We may also issue shares of our common stock, or other securities, in connection with employee stock compensation programs and board of directors' compensation. In addition, we may issue shares of our common stock or other securities in public or private offerings as part of our efforts to raise additional capital. In the event any such acquisition, investment, issuance under stock compensation programs or offering is significant, the number of shares of our common stock or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be significant. We may also grant registration rights covering those shares or other securities in connection with any such acquisitions and investments. Any additional capital raised through the sale of our equity securities may dilute your percentage ownership in us.

You may not receive dividends because our board of directors could, in its discretion, depart from or change our dividend policy at any time.

We are not required to pay dividends, and our shareholders are not guaranteed, and do not have contractual rights, to receive dividends. Our board of directors may decide at any time, in its discretion, to decrease the amount of dividends, otherwise change or revoke the dividend policy or discontinue entirely the payment of dividends. Our board of directors could depart from or change our dividend policy, for example, if it were to determine that we had insufficient cash to take advantage of other opportunities with attractive rates of return or if we failed to reach a sufficient level of profitability. In addition, if we do not pay dividends, for whatever reason, your shares of our common stock could become less liquid and the market price of our common stock could decline.

The ability of Koppers Inc. and its subsidiaries to pay dividends or make other payments or distributions to us will depend on our operating results and may be restricted by, among other things, the covenants in Koppers Inc.'s revolving credit facility. Our ability to pay dividends is also limited by the indentures governing Koppers Inc.'s outstanding notes as well as Pennsylvania law and may in the future be limited by the covenants of any future outstanding indebtedness we or our subsidiaries incur. If a dividend is paid in violation of Pennsylvania law, each director approving the dividend could be liable to the corporation if the director did not act with such care as a person of ordinary prudence would use under similar circumstances. Directors are

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entitled to rely in good faith on information provided by employees of the corporation and experts retained by the corporation. Directors who are held liable would be entitled to contribution from any shareholders who received an unlawful dividend knowing it to be unlawful. Furthermore, we are a holding company with no operations, and unless we receive dividends, distributions, advances, transfers of funds or other payments from our subsidiaries, we will be unable to pay dividends on our common stock.

Provisions of our charter documents may inhibit a takeover, which could negatively affect our stock price.

Provisions of our charter documents and the Business Corporation Law of Pennsylvania, the state in which we are incorporated, could discourage potential acquisition proposals or make it more difficult for a third party to acquire control of our company, even if doing so might be beneficial to our shareholders. Our Amended and Restated Articles of Incorporation (our "Articles of Incorporation") and Bylaws provide for various procedural and other requirements that could make it more difficult for shareholders to effect certain corporate actions. For example, our Articles of Incorporation authorize our board of directors to determine the rights, preferences, privileges and restrictions of unissued series of preferred stock without any vote or action by our shareholders. Our board of directors can therefore authorize and issue shares of preferred stock with voting or conversion rights that could adversely affect the voting or other rights of holders of our common stock. The following additional provisions could make it more difficult for shareholders to effect certain corporate actions:

- ∣ Our board of directors is classified into three classes. Each director will serve a three-year term and will stand for re-election once every three years.
- ∣ Our shareholders will be able to remove directors only for cause by the affirmative vote of the holders of a majority of the outstanding shares of our capital stock entitled to vote in the election of directors. Vacancies on our board of directors may be filled only by our board of directors.
- ∣ Under Pennsylvania law, cumulative voting rights are available to the holders of our common stock if our Articles of Incorporation have not negated cumulative voting. Our Articles of Incorporation provide that our shareholders do not have the right to cumulative votes in the election of directors.
- ∣ Our Articles of Incorporation do not permit shareholder action without a meeting by consent except for the unanimous consent of all holders of our common stock. The Articles of Incorporation also provide that special meetings of our shareholders may be called only by the board of directors or the chairman of the board of directors.
- ∣ Our Bylaws provide that shareholders seeking to nominate candidates for election as directors or to bring business before an annual meeting of shareholders must provide timely notice of their proposal in writing to the corporate secretary.

These provisions may discourage acquisition proposals and may make it more difficult or expensive for a third party to acquire a majority of our outstanding voting stock or may delay, prevent or deter a merger, acquisition, tender offer or proxy contest, which may negatively affect our stock price.

Risks Relating to the Koppers Inc. 7 ⁷/₈% Senior Notes Due 2019 (the "Senior Notes") and Other Indebtedness

Our level of indebtedness could limit cash flow available for our operations and could adversely affect our ability to service our debt or obtain additional financing, if necessary.

We have and will continue to have a significant amount of indebtedness. Our level of indebtedness could restrict our operations and make it more difficult for us to satisfy our obligations under the Senior Notes. Among other things, our substantial indebtedness could:

- ∣ limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions and general corporate purposes;
- ∣ make it more difficult for us to satisfy our financial obligations, including those with respect to the Senior Notes;
- ∣ increase our vulnerability to general adverse economic and industry conditions;
- ∣ require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, research and development efforts and other general corporate purposes;

- ; limit our flexibility in planning for, or reacting to, changes in our business and the markets in which we compete; and
- ; place us at a competitive disadvantage compared to our competitors that have less debt.

In addition, the indentures governing the Senior Notes and Koppers Inc.'s revolving credit facility contain financial and other restrictive covenants that will limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of the repayment of all of our debts.

Despite current indebtedness levels, we may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial leverage.

We may be able to incur substantial additional indebtedness in the future. The terms of the Senior Notes indenture and Koppers Inc.'s revolving credit facility do not fully prohibit us from doing so. Koppers Inc.'s \$350.0 million revolving credit facility permits additional borrowing and all of those borrowings would rank senior to the Senior Notes and the guarantees to the extent of the collateral securing such facility. In addition, the indenture relating to the Senior Notes will permit us to incur all of those borrowings under Koppers Inc.'s revolving credit facility and substantial additional indebtedness, including additional secured indebtedness. If new debt is added to our and our subsidiaries' current debt levels, the related risks that we and they now face could intensify.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, including the Senior Notes, and to fund planned capital expenditures and research and development efforts will depend on our ability to generate cash in the future. Although there can be no assurances, we believe that the cash provided by our operations will be sufficient to provide for our cash requirements for the foreseeable future. However, our ability to satisfy our obligations will depend on our future operating performance and financial results, which will be subject, in part, to factors beyond our control, including interest rates and general economic, financial and business conditions. We cannot assure you, however, that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness, including the Senior Notes, or to fund our other liquidity needs. If we are unable to generate sufficient cash flow to service our debt, we may be required to:

- ; refinance all or a portion of our debt, including the Senior Notes;
- ; obtain additional financing;
- ; sell some of our assets or operations;
- ; reduce or delay capital expenditures and acquisitions; or
- ; revise or delay our strategic plans.

If we are required to take any of these actions, it could have a material adverse effect on our business, financial condition and results of operations. In addition, we cannot assure you that we would be able to take any of these actions, that these actions would enable us to continue to satisfy our capital requirements or that these actions would be permitted under the terms of our various debt instruments.

The covenants in Koppers Inc.'s revolving credit facility impose restrictions that may limit our ability to take certain actions. Our failure to comply with these covenants could result in the acceleration of our outstanding indebtedness.

Koppers Inc.'s revolving credit facility contains minimum fixed charge coverage and maximum leverage ratios. Additionally, the facility includes covenants limiting liens, mergers, asset sales, dividends and the incurrence of debt. Our ability to borrow under Koppers Inc.'s revolving credit facility will depend upon satisfaction of these covenants. Events beyond our control can affect our ability to meet those covenants.

If we are unable to meet the terms of our financial covenants, or if we break any of these covenants, a default could occur. A default, if not waived, would entitle our lenders to declare all amounts borrowed under it immediately due and payable, which could also cause the acceleration of obligations under certain other agreements. In the event of acceleration of our outstanding

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indebtedness, there can be no assurance that we would be able to repay our debt or obtain new financing to refinance our debt. Even if new financing is made available to us, it may not be on terms acceptable to us.

The Senior Notes are unsecured and are effectively subordinated to our current and future secured indebtedness.

The Senior Notes are unsecured, and are effectively subordinated to all our current secured indebtedness and any future secured indebtedness that we may incur to the extent of the assets securing such indebtedness. At December 31, 2013, we have a \$350.0 million secured revolving credit facility. The revolving credit agreement and indenture governing the Senior Notes permit us to incur a substantial amount of additional indebtedness. The Senior Notes do not have the right to any security interests in any collateral.

In the event of our insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up, we may not have sufficient assets to pay amounts due on any or all of the Senior Notes then outstanding. Holders of the Senior Notes will participate ratably with all holders of our unsecured indebtedness that are deemed to be of the same class as the Senior Notes, and potentially with all of our other general creditors, based upon the respective amounts owed to each holder or creditor, in our remaining assets. In any of the foregoing events, we cannot assure holders of our Senior Notes that there will be sufficient assets to pay amounts due on the Senior Notes. As a result, holders of the Senior Notes may receive less, ratably, than holders of our secured indebtedness.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture or may be prohibited from making a repurchase offer required by the indenture.

Upon the occurrence of certain specific kinds of change of control events, we will be required to offer to repurchase all outstanding Senior Notes at 101 percent of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase. The source of funds for that purchase of Senior Notes will be available cash or cash generated from Koppers Inc. or its subsidiaries operations or other potential sources, including borrowings, sales of assets or equity financing. It is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of Senior Notes or that restrictions in our other indebtedness will not allow such repurchases. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a change of control under the Senior Notes indenture.

Holders of Senior Notes may not be able to determine when a change of control giving rise to their right to have the Senior Notes repurchased by us has occurred following a sale of "substantially all" of our assets.

A change of control, as defined in the indenture governing the Senior Notes, requires us to make an offer to repurchase all outstanding Senior Notes. The definition of change of control includes a phrase relating to the sale, lease or transfer of "all or substantially all" of our assets. There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, the ability of a holder of Senior Notes to require us to repurchase its Senior Notes as a result of a sale, lease or transfer of less than all of our assets to another individual, group or entity may be uncertain.

The claims of holders of Senior Notes will be structurally subordinated to claims of creditors of any of Koppers Inc.'s subsidiaries that do not guarantee the notes.

Only Koppers Holdings and the wholly-owned domestic restricted subsidiaries of Koppers Inc. guarantee the Senior Notes. The Senior Notes are not guaranteed by any of our non-U.S. subsidiaries. Subject to certain limitations, the indenture governing the Senior Notes permits the non-guarantor subsidiaries to acquire additional assets and incur additional indebtedness. Holders of Senior Notes would not have any claim as a creditor against any of the non-guarantor subsidiaries to the assets and earnings of those subsidiaries. The claims of the creditors of those subsidiaries, including their trade creditors, banks and other lenders, will have priority over any of Koppers Inc.'s claims or those of Koppers Inc.'s other subsidiaries as equity holders of the non-guarantor subsidiaries. Consequently, in any insolvency, liquidation, reorganization, dissolution or other winding-up of any of the non-guarantor subsidiaries, creditors of those subsidiaries would be paid before any amounts would be distributed to Koppers Inc. or to any of the other guarantors as equity and thus be available to satisfy the obligations under the Senior Notes and the guarantees. Accordingly, there can be no assurance that any of the assets of the non-guarantor subsidiaries will be available to satisfy the obligations under the Senior Notes and the guarantees. In addition, Koppers Holdings has substantially

no operations independent of Koppers Inc. and its subsidiaries, and there can be no assurance that Koppers Holdings will have any assets available to satisfy the obligations under its guarantee. As of December 31, 2013, the non-guarantor subsidiaries had approximately \$140 million of liabilities (including trade payables but excluding intercompany indebtedness).

Our subsidiaries that do not guarantee the Senior Notes accounted for approximately \$590 million, or 40 percent of our net sales and approximately \$28 million, or 28 percent of our operating profit, for the year ended December 31, 2013, and approximately \$397 million, or 51 percent of our total assets as of December 31, 2013. Amounts are presented after giving effect to intercompany eliminations.

Federal or state laws allow courts, under specific circumstances, to void debts, including guarantees, and could require holders of Senior Notes to return payments received from guarantors.

The Senior Notes are guaranteed by Koppers Holdings and the wholly-owned domestic restricted subsidiaries of Koppers Inc. If a bankruptcy proceeding or lawsuit were to be initiated by unpaid creditors, the Senior Notes and the guarantees of the Senior Notes could come under review for federal or state fraudulent transfer violations. Under federal bankruptcy law and comparable provisions of state fraudulent transfer laws, obligations under the Senior Notes or a guarantee of the Senior Notes could be voided, or claims in respect of the Senior Notes or a guarantee of the Senior Notes could be subordinated to all other debts of the debtor or that guarantor if, among other things, the debtor or the guarantor, at the time it incurred the debt evidenced by such Senior Notes or guarantee:

- ; received less than reasonably equivalent value or fair consideration for the incurrence of such debt or guarantee; and
- ; one of the following applies:
 - ; it was insolvent or rendered insolvent by reason of such incurrence;
 - ; it was engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or
 - ; it intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment by the debtor or guarantor under the Senior Notes or guarantee of the Senior Notes could be voided and required to be returned to the debtor or guarantor, as the case may be, or deposited in a fund for the benefit of the creditors of the debtor or guarantor.

The measure of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a debtor or a guarantor would be considered insolvent if:

- ; the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;
- ; the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- ; it could not pay its debts as they become due.

We cannot be sure as to the standards that a court would use to determine whether or not a guarantor was solvent at the relevant time, or, regardless of the standard that the court uses, that the issuance of the guarantees of the Senior Notes would not be voided or subordinated to the guarantor's other debt. If a guarantee was legally challenged, it could also be subject to the claim that, because it was incurred for our benefit, and only indirectly for the benefit of the guarantor, the obligations of the guarantor were incurred for less than fair consideration. A court could thus void the obligations under a guarantee or subordinate a guarantee to a guarantor's other debt or take other action detrimental to holders of the Senior Notes.

The trading price of the Senior Notes may be volatile.

The trading price of the Senior Notes could be subject to significant fluctuations in response to, among other factors, changes in our operating results, interest rates, the market for non-investment grade debt securities, general economic conditions and securities analysts' recommendations, if any, regarding our securities.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

The following chart sets forth information regarding our production facilities. Generally, our production facilities are suitable and adequate for the purposes for which they are intended and overall have sufficient capacity to conduct business in the upcoming year.

<i>Primary Product Line</i>	<i>Location</i>	<i>Description of Property Interest</i>
Carbon Materials and Chemicals		
Carbon pitch	Clairton, Pennsylvania	Owned
Carbon pitch	Follansbee, West Virginia	Owned
Carbon pitch ^(a)	Jingtang, Hebei Province, China	Leased
Carbon pitch	Mayfield, New South Wales, Australia	Owned
Carbon pitch	Nyborg, Denmark	Owned/Leased
Carbon pitch ^(b)	Pizhou, Jiangsu Province, China	Leased
Carbon pitch	Port Clarence, United Kingdom	Owned
Carbon pitch	Portland, Oregon	Leased
Carbon pitch	Scunthorpe, United Kingdom	Owned
Carbon pitch, phthalic anhydride	Stickney, Illinois	Owned
Carbon pitch	Tangshan, Hebei Province, China	Leased
Carbon pitch ^(c)	Uithoorn, the Netherlands	Leased
Railroad and Utility Products and Services		
Railroad crossties ^(d)	Ashcroft, British Columbia, Canada	Owned
Railroad crossties, utility poles	Bunbury, Western Australia, Australia	Owned/Leased
Railroad crossties, utility poles	Denver, Colorado	Owned
Railroad crossties, utility poles	Florence, South Carolina	Owned
Railroad crossties	Galesburg, Illinois	Leased
Utility poles	Grafton, New South Wales, Australia	Owned
Railroad crossties	Green Spring, West Virginia	Owned
Railroad crossties	Guthrie, Kentucky	Owned
Rail joint bars	Huntington, West Virginia	Leased
Utility poles	Longford, Tasmania, Australia	Owned
Railroad crossties	Muncy, Pennsylvania	Owned
Railroad crossties	North Little Rock, Arkansas	Owned
Concrete crossties ^(e)	Portsmouth, Ohio	Owned
Railroad crossties	Roanoke, Virginia	Owned
Railroad crossties	Somerville, Texas	Owned
Pine products	Takura, Queensland, Australia	Leased

(a) Ownership percentage is 30 percent.

(b) Tar distillation production is expected to commence in mid-2014.

(c) Tar distillation activities are expected to be discontinued in mid-2014.

(d) Acquired on January 20, 2014.

(e) Ownership percentage is 50 percent.

Our corporate offices are located in leased office space in Pittsburgh, Pennsylvania. The lease term expires on December 31, 2023.

ITEM 3. LEGAL PROCEEDINGS

We are involved in litigation and various proceedings relating to environmental laws and regulations, toxic tort, product liability and other matters. An adverse outcome for certain of these cases could result in a material adverse effect on our business, cash flows and results of operations. The information related to legal matters set forth in Note 18 to the Consolidated Financial Statements of Koppers Holdings Inc. is hereby incorporated by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth the names, ages and positions of our and Koppers Inc.'s executive officers as of March 3, 2014. Our executive officers hold their positions until the annual meeting of the board of directors or until their respective successors are elected and qualified.

<i>Name</i>	<i>Age</i>	<i>Position</i>
Walter W. Turner	67	President and Chief Executive Officer of Koppers Holdings Inc. and Koppers Inc. and Director of Koppers Holdings Inc. and Koppers Inc.
Leroy M. Ball	45	Vice President and Chief Financial Officer, Koppers Holdings Inc. and Koppers Inc.
James T. Dietz	57	Vice President, Global Business Services and Technology, Koppers Inc.
Joseph P. Dowd	53	Vice President, North American Carbon Materials and Chemicals, Koppers Inc.
Daniel R. Groves	47	Vice President, Human Resources, Koppers Inc.
Leslie S. Hyde	53	Vice President, Safety and Environmental Affairs, Koppers Inc.
Steven R. Lacy	58	Senior Vice President, Administration, General Counsel and Secretary, Koppers Holdings Inc. and Koppers Inc.
Thomas D. Loadman	59	Vice President and General Manager, Railroad and Utility Products and Services, Koppers Inc.
Mark R. McCormack	54	Vice President, Australian Operations, Koppers Inc.
Brian H. McCurrie	53	Senior Vice President, Global Carbon Materials and Chemicals, Koppers Inc.
Markus G. Spiess	53	Vice President, Global Sales and Marketing, Global Carbon Materials and Chemicals, Koppers Inc.
Louann E. Tronsberg-Deihle	50	Treasurer, Koppers Holdings Inc. and Koppers Inc.
J. Robin Zhu	49	Vice President, China Operations, Koppers Inc.

Mr. Turner was elected President and Chief Executive Officer in, and has been our director since, November 2004. He has been President and Chief Executive Officer and director of Koppers Inc. since February 1998.

Mr. Ball was elected Vice President and Chief Financial Officer in August 2010. Prior to joining Koppers, Mr. Ball was Senior Vice President and Chief Financial Officer of Calgon Carbon Inc. (granular activated carbon products and treatment systems) since 2002.

Mr. Dietz was elected Vice President, Global Business Services and Technology of Koppers Inc., in May 2011 effective July 2011. He joined Koppers in 1995 and has held positions in operations and engineering. Most recently, he was Vice President, European Operations of Koppers Inc., from January 2007 through June 2011.

Mr. Dowd joined Koppers Inc. and was elected Vice President, North American Carbon Materials and Chemicals, Koppers Inc. effective July 2012. Prior to joining Koppers, Mr. Dowd was General Manager and Vice President of North American Recycling for Exide Technologies, Inc. (lead-acid battery manufacturing) from September 2010 to October 2011. Prior to that, Mr. Dowd was Global President and Chief Operating Officer of Silberline Manufacturing Co., Inc. (specialty chemicals) from March 2005 to October 2009.

Mr. Groves joined Koppers Inc. and was elected Vice President, Human Resources in May 2011. Prior to joining Koppers Inc. in May 2011, Mr. Groves was Senior Vice President – HR Business Partner at PNC Financial Services Group, Inc. (financial services) from May 2010 to April 2011. From April 2007 to July 2009, Mr. Groves was Vice President – Human Resources at Highmark, Inc. (health insurance). Prior to that, Mr. Groves served as Director of Compensation and HRIS from March 2005 to April 2007 at Highmark, Inc.

Ms. Hyde was elected Vice President, Safety and Environmental Affairs of Koppers Inc. in January 2005. Prior to that, Ms. Hyde held the position of Manager, Environmental Department of Koppers Inc. since 1999.

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Mr. Lacy was elected Senior Vice President, Administration, General Counsel and Secretary in November 2004 and has been Senior Vice President, Administration, General Counsel and Secretary of Koppers Inc. since January 2004. Mr. Lacy had previously been elected Vice President, Law and Human Resources and Secretary of Koppers Inc. in July 2002.

Mr. Loadman was elected Vice President and General Manager, Railroad and Utility Products and Services of Koppers Inc. in November 1994.

Mr. McCormack was elected Vice President, Australian Operations of Koppers Inc. in November 2006. Mr. McCormack had been elected Vice President, Global Marketing, Sales and Development, Carbon Materials and Chemicals of Koppers Inc. in February 2002.

Mr. McCurrie was elected Senior Vice President, Global Carbon Materials and Chemicals of Koppers Inc. in February 2010. Mr. McCurrie had been Vice President and Chief Financial Officer of Koppers Inc. since October 2003.

Mr. Spiess was elected Vice President, Global Sales and Marketing, Global Carbon Materials and Chemicals of Koppers Inc. in February 2011. Mr. Spiess had been Vice President, Global Supply, European Marketing and Sales, European Operations of Koppers Inc. since November 2007. From July 2007 through October 2007, Mr. Spiess was a Business Development Manager for L&M Rohstoffhandelsgesellschaft GmbH (ferroalloy and bulk trading). Prior to that, Mr. Spiess was the executive Vice President, Aromatics Division for Ruetgers Chemicals GmbH (coal tar distillation for chemical industry).

Ms. Tronsberg-Deihle was elected Treasurer of Koppers Holdings Inc. and Koppers Inc. in August 2008. In July 2008, Ms. Tronsberg-Deihle was appointed as our Treasurer. Ms. Tronsberg-Deihle was the Assistant Treasurer and Risk Manager of WESCO Distribution Inc. (global provider of services and procurement solutions) from 1995 to June 2008.

Mr. Zhu was elected Vice President, China Operations of Koppers Inc. in February 2013. Mr. Zhu had previously been appointed Vice President, China Operations of Koppers Inc. in March 2011. Prior to that, Mr. Zhu served as Operations Manager, China Operations of Koppers Inc. from January 2010 to March 2011. From December 2007 to January 2010, Mr. Zhu served as General Manager of Koppers (China) Carbon & Chemical Co., Ltd.

PART II**ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our common shares are listed and traded on the NYSE under the symbol "KOP".

The number of registered holders of Koppers common shares at January 31, 2014 was 92.

See Note 21 to the consolidated financial statements below for information concerning dividends and high and low market prices of our common shares during the past two years.

Dividend Policy

Our board of directors adopted a dividend policy, which reflects its judgment that our shareholders would be better served if we distributed to them, as quarterly dividends payable at the discretion of our board of directors, a portion of the cash generated by our business in excess of our expected cash needs rather than retaining it or using the cash for other purposes. Our expected cash needs include operating expenses and working capital requirements, interest and principal payments on our indebtedness, capital expenditures, incremental costs associated with being a public company, taxes and certain other costs. On an annual basis we expect to pay dividends with cash flow from operations, but, due to seasonal or other temporary fluctuations in cash flow, we may from time to time use temporary short-term borrowings to pay quarterly dividends.

We are not required to pay dividends, and our shareholders will not be guaranteed, or have contractual or other rights, to receive dividends. Our board of directors may decide, in its discretion, at any time, to decrease the amount of dividends, otherwise modify or repeal the dividend policy or discontinue entirely the payment of dividends.

Because we are a holding company, substantially all the assets shown on our consolidated balance sheet are held by our subsidiaries. Accordingly, our earnings and cash flow and our ability to pay dividends are dependent upon the earnings and cash flows of our subsidiaries and the distribution or other payment of such earnings to us in the form of dividends. Our ability to pay dividends is restricted by limitations on the ability of our only direct subsidiary, Koppers Inc., to pay dividends, as a result of limitations imposed by Koppers Inc.'s credit agreement, the indenture governing Koppers Inc.'s 7^{1/8}% Senior Notes due 2019 (the "Senior Notes") and by Pennsylvania law. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Restrictions on Dividends to Koppers Holdings."

Issuer Purchases of Equity Securities

No shares were repurchased in the quarter ended December 31, 2013 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.

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ITEM 6. SELECTED FINANCIAL DATA

The following table contains our selected historical consolidated financial data for the five years ended December 31, 2013. The selected historical consolidated financial data for each of the years ended December 31, 2013, 2012, 2011, 2010 and 2009 have been derived from our audited consolidated financial statements. This selected financial data should be read in conjunction with Koppers' Consolidated Financial Statements and related notes included elsewhere in this Annual Report on Form 10-K as well as Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations.

	Year ended December 31,				
	2013	2012	2011	2010	2009
<i>(Dollars in millions, except share and per share amounts)</i>					
Statement of Income Data:					
Net sales	\$ 1,478.3	\$ 1,555.0	\$ 1,466.2	\$ 1,190.5	\$ 1,075.2
Depreciation and amortization	29.7	27.6	26.9	24.8	23.2
Impairment charges	11.9	0.6	0.0	1.8	0.0
Operating profit ⁽¹⁾	100.3	126.6	122.7	98.1	93.7
Interest expense	26.8	27.9	27.2	27.1	36.3
Loss on extinguishment of debt ⁽²⁾	0.0	0.0	0.0	0.0	22.4
Income from continuing operations	40.2	67.3	57.5	44.6	21.4
(Loss) income from discontinued operations ⁽³⁾	(0.1)	(0.1)	(19.9)	0.1	0.3
Loss on sale of Koppers Arch ⁽⁴⁾	0.0	0.0	0.0	(0.2)	0.0
Loss on sale of Monessen ⁽⁵⁾	0.0	0.0	0.0	0.0	(0.3)
Net income	40.1	67.2	37.6	44.5	21.4
Net income attributable to Koppers	40.4	65.6	36.9	44.1	18.8
Earnings Per Common Share Data:					
Basic – continuing operations	\$ 1.96	\$ 3.18	\$ 2.75	\$ 2.14	\$ 0.92
Diluted – continuing operations	1.94	3.14	2.72	2.13	0.91
Weighted average common shares outstanding (in thousands):					
Basic	20,575	20,681	20,599	20,543	20,446
Diluted	20,815	20,927	20,833	20,676	20,561
Balance Sheet Data:					
Cash and cash equivalents ⁽⁶⁾	\$ 82.2	\$ 66.7	\$ 54.1	\$ 35.3	\$ 58.4
Total assets	784.9	780.0	730.7	669.2	664.4
Total debt	303.1	296.1	302.1	296.4	335.3
Other Data:					
Capital expenditures ⁽⁷⁾	\$ 72.9	\$ 28.9	\$ 32.5	\$ 28.5	\$ 17.5
Cash dividends declared per common share	\$ 1.00	\$ 0.96	\$ 0.88	\$ 0.88	\$ 0.88

(1) Includes fixed asset impairment charges totaling \$11.9 million in 2013 primarily consisting of writedowns related to the Company's coal tar distillation facilities located in Uithoorn, the Netherlands; Tangshan, China; and Follansbee, West Virginia.

(2) Includes loss on the extinguishment of Senior Discount Notes and Senior Secured Notes in 2009.

(3) In March 2012, we completed run-off activities at our closed carbon black facility located in Kurnell, Australia (the "carbon black facility"). The costs related to this closure totaled \$41.0 million in 2011. The carbon black facility's results of operations have been classified as a discontinued operation for all periods presented.

(4) In July 2007, we sold our 51 percent interest in Koppers Arch Investments Pty Limited and its subsidiaries ("Koppers Arch").

(5) In October 2008, we sold our 95 percent interest in Koppers Monessen Partners LP ("Monessen").

(6) Includes cash of discontinued operations.

(7) Excludes capital expenditures of the carbon black facility, a discontinued operation, of \$0.7 million, \$1.4 million and \$0.5 million for the years ended December 31, 2011, 2010 and 2009.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**Overview**

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, Canada and the Netherlands.

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 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 \$32.7 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 anticipate that the completion of the needle coke and carbon black facilities will occur in the fourth quarter of 2014 and that we will be selling all of our production into the domestic Chinese market until all the facilities in the complex 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, TISCO, in Tangshan, China. The Tangshan Government has ordered the closure of these coke batteries by March 15, 2014 in an effort to improve the air quality in the Tangshan area. The Company's 60-percent owned subsidiary, KCCC, is located within TISCO's property and relies on its operations for a significant portion of raw material supply, utilities and other shared services. At the same time, the Tangshan Government requested that KCCC relocate its operations and offered assistance to KCCC in this regard, although no specific details have been provided to us as to the extent and nature of such assistance. Closure of the TISCO coke batteries could impact KCCC's ability to operate its coal tar distillation plant on a long-term basis. We have entered into discussions with our non-controlling partner in KCCC, TISCO, and the Tangshan Government to evaluate our options.

The closure or relocation of KCCC's coal tar distillation facility could 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 December 31, 2013, after recording an impairment charge of \$4.0 million of which \$2.4 million represents Koppers ownership interest, the net book value of Koppers ownership interest in fixed assets was approximately \$6 million. Of this amount, approximately \$5 million relates directly to the facility and will be subject to accelerated depreciation over a three-year period. We believe that if necessary we will be able to supply all of our export commitments with carbon pitch supplied from TKK, our 30-percent owned Chinese facility, and our facility in Jiangsu Province that is currently under construction, as well as from other commercial interests in China. However, our profit margins may be negatively affected due to our lower ownership interest in TKK.

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 have also been 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 next six months. 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 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 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.

We also sell crossties to commercial customers consisting primarily of short-line railroads, whose buying patterns have historically been influenced by general economic conditions. As a result, during recessionary periods, sales volumes to our commercial customers have typically been reduced, resulting in lower revenues and profitability for our business.

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 Years Ended December 31, 2013 and December 31, 2012

Consolidated Results

Net sales for the years ended December 31, 2013 and 2012 are summarized by segment in the following table:

	Year Ended December 31,		Net Change
	2013	2012	
<i>(Dollars in millions)</i>			
Carbon Materials and Chemicals	\$ 906.1	\$ 999.7	-9%
Railroad and Utility Products and Services	572.2	555.3	+3%
	\$1,478.3	\$1,555.0	-5%

Carbon Materials and Chemicals net sales for the year ended December 31, 2013 decreased by \$93.6 million or nine percent. Lower sales volumes and prices for carbon pitch decreased sales by six percent over the prior year driven by depressed market conditions in Europe, a low pricing environment in Middle East markets, and smelter closures in Europe and Australia that occurred during 2012. Sales volumes for coal tar chemicals decreased sales by three percent driven by lower sales volumes for phthalic anhydride in the United States and lower sales volumes for naphthalene in Europe. The reduced sales volumes for phthalic anhydride were due mainly to a customer plant closure, lower demand from plasticizer markets due to substitute products, and increased levels of imports from Europe.

Railroad and Utility Products and Services net sales for the year ended December 31, 2013 increased by \$16.9 million or three percent. Sales volumes and prices for utility poles increased sales by five percent mainly due to the acquisition of a utility pole business in Australia in November 2012, which more than offset a reduction in sales volumes for untreated crossties of one percent due to competitive hardwood lumber markets.

Cost of sales as a percentage of net sales was 86 percent for the year ended December 31, 2013 compared to 85 percent in the prior year due to \$6.2 million of charges for restructuring and tank cleaning costs in 2013. Overall, cost of sales decreased by \$59.9 million when compared to the prior year period due primarily to lower sales volumes and prices for CMC.

Depreciation and amortization and Impairment charges for the year ended December 31, 2013 were \$13.4 million higher combined when compared to the prior year due mainly to \$12.0 million of impairment charges related to our CMC facilities located in Tangshan, China, Uithoorn, The Netherlands, Follansbee, West Virginia, and Portland, Oregon.

Selling, general and administrative expenses for the year ended December 31, 2013 were \$3.9 million lower when compared to the prior year period due primarily to lower compensation-related expenses.

Interest expense for the year ended December 31, 2013 was \$1.1 million lower when compared to the prior year period reflecting lower average debt levels in 2013.

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Income taxes for the year ended December 31, 2013 were \$3.5 million higher when compared to the prior year period. Our effective income tax rate for the year ended December 31, 2013 was 47.8 percent as compared to 33.1 percent in the prior year. The increase in the effective income tax rate is due to the non-deductibility of \$11.0 million of impairment expenses in Europe and China for 2013 combined with the favorable impact in 2012 of tax benefits related to foreign tax credits and domestic manufacturing deductions totaling \$1.6 million and the recognition of certain state tax net operating loss carryforwards related to prior tax years of \$1.5 million.

Segment Results

Segment operating profit for the years ended December 31, 2013 and 2012 is summarized by segment in the following table:

<i>(Dollars in millions)</i>	<u>Year Ended December 31,</u>		<i>% Change</i>
	2013	2012	
Operating profit:			
Carbon Materials and Chemicals	\$ 43.9	\$ 83.1	-47%
Railroad and Utility Products and Services	58.3	45.1	+29%
Corporate	(1.9)	(1.6)	-19%
	\$100.3	\$126.6	-21%
Operating profit as a percentage of net sales:			
Carbon Materials and Chemicals	4.8%	8.3%	-3.5%
Railroad and Utility Products and Services	10.2%	8.1%	+2.1%
	6.8%	8.1%	-1.3%

Carbon Materials and Chemicals operating profit for the year ended December 31, 2013 decreased by \$39.2 million or 47 percent compared to the prior year. CMC operating profit as a percent of sales decreased to 4.8 percent from 8.3 percent in the prior year due mainly to \$16.5 million of restructuring and tank cleaning charges combined with lower sales volumes and prices for carbon pitch, lower sales volumes for phthalic anhydride, and lower capacity utilization, which more than offset \$3.9 million of certain items recognized in 2012 that did not recur in 2013 including an increase in our allowance for doubtful accounts due to a customer collection issue in Europe, costs related to a pitch tank leak in Australia, and charges related to a plant outage in The Netherlands, partially offset by a refund resulting from a supplier audit of material transport weights.

Railroad and Utility Products and Services operating profit for the year ended December 31, 2013 increased by \$13.2 million or 29 percent. Operating profit as a percentage of sales increased to 10.2 percent from 8.1 percent in the prior year due to a favorable product mix for railroad crossties combined with higher profitability and margins from our utility pole business in Australia mainly as a result of the acquisition of the Western Pole business in November 2012.

Results of Operations – Comparison of Years Ended December 31, 2012 and December 31, 2011

Consolidated Results

Net sales for the years ended December 31, 2012 and 2011 are summarized by segment in the following table:

<i>(Dollars in millions)</i>	<u>Year Ended December 31,</u>		<i>Net Change</i>
	2012	2011	
Carbon Materials and Chemicals	\$ 999.7	\$ 943.1	+6%
Railroad and Utility Products and Services	555.3	523.1	+6%
	\$1,555.0	\$1,466.2	+6%

Carbon Materials and Chemicals net sales for the year ended December 31, 2012 increased by \$56.6 million or six percent. Sales volumes for distillates increased sales by six percent over the prior year due to higher sales volumes of carbon black

feedstock for Chinese operations combined with higher sales volumes of carbon black feedstock from Australian operations to third parties as a result of the closure of our carbon black plant in 2011. Sales prices for distillates increased sales by two percent due mainly to higher oil prices. Sales prices for pitch increased sales by five percent due to higher raw material costs, and were partially offset by lower sales volumes for pitch of four percent of sales as lower sales volumes for North America, Australia and Europe were partially offset by higher sales volumes from Chinese operations. The lower sales volumes were due mainly to aluminum smelter closures and production cutbacks. Foreign currency translation resulted in a decrease in sales of two percent.

Railroad and Utility Products and Services net sales for the year ended December 31, 2012 increased by \$32.2 million or six percent. Sales prices for railroad crossties increased sales by five percent and were partially offset by lower sales volumes for crossties of two percent of sales for the year ended December 31, 2012, with the higher sales prices driven mainly by higher sales volumes of value added products to our Class I railroad customers. Sales volumes and prices for utility poles increased sales by one percent each driven by higher sales volumes in the United States and Australia and higher sales prices in Australia due to product mix.

Cost of sales as a percentage of net sales was 85 percent for the year ended December 31, 2012 which was unchanged from the prior year. Overall, cost of sales increased by \$82.3 million when compared to the prior year period due primarily to higher CMC and RUPS sales volumes.

Depreciation and amortization and impairment charges for the year ended December 31, 2012 were \$1.3 million higher combined when compared to the prior year due partially to a fixed asset impairment charge of \$0.6 million related to future capital requirements in excess of net cash generation expected from an electricity co-generation facility located at one of the Company's wood treatment plants in the United States.

Selling, general and administrative expenses for the year ended December 31, 2012 were \$1.3 million higher when compared to the prior year period due primarily to higher compensation-related expenses.

Interest expense for the year ended December 31, 2012 was \$0.7 million higher when compared to the prior year period reflecting a mix of changes in average levels of borrowings and interest rates in 2012.

Income taxes for the year ended December 31, 2012 were \$5.4 million lower when compared to the prior year period. Our effective income tax rate for the year ended December 31, 2012 was 33.1 percent as compared to the prior year period of 40.2 percent. The decrease in the effective income tax rate is primarily due to lower net tax reserves of \$2.4 million recorded during 2012 as compared to 2011. Income tax expense was also favorably impacted in 2012 by the recognition of tax benefits related to prior years including foreign tax credits and domestic manufacturing deductions totaling \$1.6 million and the recognition of certain state tax net operating loss carryforwards of \$1.5 million.

Segment Results

Segment operating profit for the years ended December 31, 2012 and 2011 is summarized by segment in the following table:

	Year Ended December 31,		% Change
	2012	2011	
<i>(Dollars in millions)</i>			
Operating profit:			
Carbon Materials and Chemicals	\$ 83.1	\$ 89.1	-7%
Railroad and Utility Products and Services	45.1	34.8	+30%
Corporate	(1.6)	(1.2)	-33%
	\$126.6	\$122.7	+3%
Operating profit as a percentage of net sales:			
Carbon Materials and Chemicals	8.3%	9.4%	-1.1%
Railroad and Utility Products and Services	8.1%	6.7%	+1.4%
	8.1%	8.4%	-0.3%

Carbon Materials and Chemicals operating profit for the year ended December 31, 2012 decreased by \$6.0 million or seven percent over the prior year. CMC operating profit as a percent of sales decreased to 8.3 percent from 9.4 percent in the prior year due mainly to lower pitch volumes, lower naphthalene prices and higher raw material costs combined with a \$3.1 million increase in our allowance for doubtful accounts due to a customer collection issue in Europe, \$2.5 million of costs related to a pitch tank leak in Australia, and \$1.9 million of charges related to a plant outage in The Netherlands. The pitch tank leak and plant outage are net of insurance recoveries. These items were partially offset by a refund of \$3.6 million resulting from a supplier audit of material transport weights.

Railroad and Utility Products and Services operating profit for the year ended December 31, 2012 increased by \$10.3 million or 30 percent. Operating profit as a percentage of sales increased to 8.1 percent from 6.7 percent in the prior year as higher sales prices for railroad crossties driven by higher volumes of value added products more than offset lower sales volumes for crossties. Operating profit was also positively impacted by higher profitability and margins from our utility pole business.

Cash Flow

Net cash provided by operating activities was \$117.6 million for the year ended December 31, 2013 as compared to net cash provided by operating activities of \$77.8 million for the year ended December 31, 2012. Net working capital changes provided \$29.4 million in cash in 2013 as compared to net working capital uses of \$21.2 million in 2012. The decrease in working capital requirements in 2013 was due primarily to reductions in inventory providing \$21.6 million in cash as a result of lower availability for crossties compared to cash used for inventories in 2012 of \$26.5 million. Crosstie availability has been reduced due to the shifting of sawmill production to the competing housing and crane mat markets due to higher demand and significantly increased hardwood lumber prices.

Net cash provided by operating activities was \$77.8 million for the year ended December 31, 2012 as compared to net cash provided by operating activities of \$76.9 million for the year ended December 31, 2011. Net working capital uses for 2012 were \$21.2 million as compared to net working capital uses of \$8.4 million in 2011. The increase in working capital requirements in 2012 was due primarily to increases in inventory totaling \$26.5 million as a result of increased demand for crossties and increased levels of carbon materials to better manage supply chain requirements.

Net cash used in investing activities was \$72.3 million for the year ended December 31, 2013 as compared to net cash used in investing activities of \$39.9 million for the year ended December 31, 2012 due mainly to expenditures of approximately \$37 million in 2013 for the construction of our tar distillation facility in Jiangsu Province in China.

Net cash used in investing activities was \$39.9 million for the year ended December 31, 2012 as compared to net cash used in investing activities of \$44.7 million for the year ended December 31, 2011. Increased acquisition expenditures of \$14.0 million in 2012 were partially offset by the repayment of \$2.2 million from the loan to Tangshan Koppers Kailuan Carbon Chemical Company Limited and lower capital expenditures of \$4.3 million.

Net cash used in financing activities was \$30.3 million for the year ended December 31, 2013 as compared to net cash used in financing activities of \$27.3 million for the year ended December 31, 2012. The increase in cash used for financing activities was principally due to an increase in stock repurchases of \$9.4 million which more than offset an increase in borrowings totaling \$6.6 million for the year ended December 31, 2013.

Net cash used in financing activities was \$27.3 million for the year ended December 31, 2012 as compared to net cash used in financing activities of \$13.3 million for the year ended December 31, 2011. The increase in cash used for financing activities was principally due to net treasury stock repurchases of \$8.1 million and net repayments of the revolving credit facility of \$6.4 million as compared to net borrowings of debt totaling \$5.4 million for the year ended December 31, 2011.

Dividends paid were \$21.1 million for the year ended December 31, 2013 as compared to dividends paid of \$19.5 million for the year ended December 31, 2012. The increase in dividends paid reflects an increase in the annualized dividend to \$1.00 per common share in 2013 as compared to \$0.96 per common share in 2012, combined with a dividend from our KCCC joint venture in China in 2013 to its non-controlling shareholder.

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 December 31, 2013 the basket totaled \$209.9 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 December 31, 2013, we had \$331.0 million of unused revolving credit availability for working capital purposes after restrictions by various debt covenants and certain letter of credit commitments. As of December 31, 2013, \$19.0 million of commitments were utilized by outstanding letters of credit.

The following table summarizes our estimated liquidity as of December 31, 2013 (*dollars in millions*):

Cash and cash equivalents ⁽¹⁾	\$ 82.2
Amount available under revolving credit facility	331.0
Amount available under committed construction loan	37.4
Amount available under other credit facilities	0.8
Total estimated liquidity	\$ 451.4

⁽¹⁾ Cash includes approximately \$52 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 \$365.7 million at December 31, 2012. The increase in estimated liquidity from that date is due primarily to an increase in cash and an increase of \$50.0 million due to the November 2013 refinancing of our revolving credit facility.

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, depository 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 in June 2015.

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Our need for cash in the next twelve months relates primarily to contractual obligations which include 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 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 \$35 million and will be financed by available cash and incremental financing from a third party bank and the shareholder of the non-controlling interest.

Schedule of Certain Contractual Obligations

The following table details our projected payments for our significant contractual obligations as of December 31, 2013. The table is based upon available information and certain assumptions we believe to be reasonable.

(in millions)	Payments Due by Period				
	Total	2014	2015-2016	2017-2018	Later years
Long-term debt (including accretion)	\$ 306.6	\$ 0.0	\$ 0.7	\$ 5.9	\$ 300.0
Interest on debt	143.3	24.0	48.1	47.6	23.6
Operating leases	130.9	37.0	37.6	26.3	30.0
Purchase commitments ⁽¹⁾	1,418.5	346.4	494.7	395.4	182.0
Total contractual cash obligations	\$ 1,999.3	\$ 407.4	\$ 581.1	\$ 475.2	\$ 535.6

⁽¹⁾ Consists primarily of raw materials purchase contracts. These are typically not fixed price arrangements; the prices are based on the prevailing market prices. As a result, we generally expect to be able to hedge the purchases with sales at those future prices.

Pension and other employee benefit plan funding obligations (for defined benefit plans) are not included in the table above. We expect defined benefit plan contributions to total approximately \$23 million in 2014. This includes approximately \$15 million of voluntary contributions. Estimated funding obligations are determined by asset performance, workforce and retiree demographics, tax and employment laws and other actuarial assumptions which may change the annual funding obligations in addition to decisions to fund in excess of statutorily required amounts. The funded status of our defined benefit plans is disclosed in Item 8. Financial Statements and Supplementary Data –Note 15.

As of December 31, 2013, there was \$6.1 million of tax liabilities related to unrecognized tax benefits. Because of the high degree of uncertainty regarding the timing of future cash outflows associated with these liabilities, the Company is unable to estimate the years in which settlement will occur with the respective taxing authorities. See Note 7 to the Company's consolidated financial statements for further information.

Schedule of Certain Other Commercial Commitments

The following table details our projected payments for other significant commercial commitments as of December 31, 2013. The table is based upon available information and certain assumptions we believe to be reasonable.

(in millions)	Payments Due by Period				
	Total	2014	2015-2016	2017-2018	Later years
Lines of credit (unused)	\$331.8	\$ 0.8	\$ 331.0	\$ 0.0	\$ 0.0
Standby letters of credit	19.0	19.0	0.0	0.0	0.0
Total other commercial commitments	\$350.8	\$19.8	\$ 331.0	\$ 0.0	\$ 0.0

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:

- i 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 December 31, 2013 was 1.5.
- i The leverage ratio, calculated as of the end of each fiscal quarter for the four fiscal quarters then ended, is not permitted to exceed 4.50. The leverage ratio at December 31, 2013 was 1.72.

We are currently in compliance with all covenants in the credit agreement governing the revolving credit facility.

At December 31, 2013, 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.

Other Matters

Foreign Operations and Foreign Currency Transactions

We are subject to foreign currency translation fluctuations due to our foreign operations. For the years ended December 31, 2013, 2012 and 2011, exchange rate fluctuations resulted in an increase (decrease) to comprehensive income of \$(10.0) million, \$5.9 million and \$(2.4) million, respectively. Foreign currency transaction gains and losses result from transactions denominated in a currency which is different from the currency used by the entity to prepare its financial statements. Foreign currency transaction losses were \$0.5 million \$1.7 million and \$0.5 million for the years ended December 31, 2013, 2012, and 2011, respectively.

Recently Issued Accounting Guidance

There is no recently issued accounting guidance that is expected to have a material impact on our financial results.

Critical Accounting Policies

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to use judgment in making estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities, and the disclosure of contingent liabilities. The following accounting policies are based on, among other things, judgments and assumptions made by management that include inherent risks and uncertainties. Our management's estimates are based on the relevant information available at the end of each period.

Revenue Recognition. We recognize revenue from product sales at the time of shipment or when title passes to the customer. We recognize revenue related to the procurement of certain untreated railroad crossties upon transfer of title, which occurs upon delivery to our plant and acceptance by the customer. Service revenue, consisting primarily of wood treating services, is recognized at the time the service is provided. Our recognition of revenue with respect to untreated crossties meets all the recognition criteria of the Securities and Exchange Commission's Staff Accounting Bulletin Topic 13A3, including transfer of title and risk of ownership, the existence of fixed purchase commitments and delivery schedules established by the customer and the completion of all performance obligations by us.

Accounts Receivable. We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. In circumstances where we become aware of a specific customer's inability to meet its financial obligations, a specific reserve for bad debts is recorded against amounts due. If the financial conditions of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. During 2012, we recorded an allowance for doubtful accounts totaling \$3.1 million related to the bankruptcy of a European customer.

Inventories. In the United States, CMC and RUPS inventories are valued at the lower of cost, utilizing the last-in, first-out ("LIFO") basis, or market. Inventories outside the United States are valued at the lower of cost, utilizing the first-in, first-out basis ("FIFO"), or market. Market represents replacement cost for raw materials and net realizable value for work in process and finished goods. LIFO inventories constituted approximately 62 percent of the FIFO inventory value at December 31, 2013 and 2012. In 2013, 2012 and 2011, we recorded inventory writedowns of \$0.6 million, \$0.4 million and \$3.3 million, respectively, related to lower of cost or market conditions or the decision to cease manufacturing operations at our carbon black facility in Australia.

Long-Lived Assets. Our management periodically evaluates the net realizable value of long-lived assets, including property, plant and equipment, based on a number of factors including operating results, projected future cash flows and business plans. We record long-lived assets at the lower of cost or fair value, with fair value based on assumptions concerning the amount and timing of estimated future cash flows. Since judgment is involved in determining the fair value of fixed assets, there is a risk that the carrying value of our long-lived assets may be overstated. During 2013, we recorded fixed asset impairment charges of

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\$11.9 million primarily consisting of writedowns related to the Company's coal tar distillation facilities located in the Netherlands, China and the United States due to decisions to curtail operations or changes in estimates related to the expected useful lives of the facilities. In 2011 we recorded a fixed asset impairment charge of \$20.2 million related to the decision to cease manufacturing operations at our carbon black facility in Australia.

Goodwill. Goodwill is not amortized but is assessed for impairment at least on an annual basis. In making this assessment, management relies on various factors, including operating results, estimated future cash flows, and business plans. There are inherent uncertainties related to these factors and in our management's judgment in applying them to the analysis of goodwill impairment. Because management's judgment is involved in performing goodwill impairment analyses, there is risk that the carrying value of goodwill is overstated.

Goodwill valuations are performed using projected operating results of the relevant reporting units. We have three reporting units for purposes of goodwill evaluation. These units consist of our CMC operating segment, Railroad Products & Services and Koppers Wood Products. Railroad Products & Services and Koppers Wood Products are one level below our RUPS operating segment. The Railroad Products & Services reporting unit primarily serves the rail industry in the United States and the Koppers Wood Products reporting unit primarily serves the utility and residential markets in Australia.

Changes in economic and operating conditions impacting these assumptions could result in goodwill impairments in future periods. Additionally, disruptions to our business such as prolonged recessionary periods or unexpected significant declines in operating results of the relevant reporting units could result in charges for goodwill and other asset impairments in future periods.

Deferred Tax Assets. At December 31, 2013 our balance sheet included \$50.2 million of deferred tax assets, net of a \$19.7 million valuation allowance. We have determined that this valuation allowance is required for our deferred tax assets based on future earnings projections. In order to fully realize our deferred tax assets in relation to our temporary differences and exclusive to any net operating losses, we will have to generate approximately \$197 million of taxable income. The realization of these deferred tax assets is not subject to any expiration and is dependent upon the reversal of the underlying temporary differences. In order to fully realize our deferred tax assets (net of valuation allowances) in relation to our state net operating losses, we will have to generate approximately \$600 million of taxable income before any applicable adjustments and apportionment fractions per state laws between 2014 and 2026. To the extent that we encounter unexpected difficulties in market conditions, adverse changes in regulations affecting our businesses and operations, adverse outcomes in legal and environmental matters, or any other unfavorable conditions, the projections for future taxable income may be overstated and we may be required to record an increase in the valuation allowance related to these deferred tax assets which could have a material adverse effect on income in the future. In 2013, we recorded a deferred tax asset and offsetting valuation allowance against that deferred tax asset of \$1.7 million for 2013 foreign net operating losses and other 2013 foreign items that most likely will not be deducted. In 2013, we recorded a deferred tax asset and offsetting valuation allowance against that deferred tax asset of \$0.6 million for foreign tax credits earned in prior tax years. In 2013, we recorded a reversal of valuation allowances totaling \$0.2 million relating to the recognition of certain state tax net operating loss carryforwards related to prior tax years. Item 8. Financial Statements and Supplementary Data – Note 7 includes information on deferred tax activity during the past two years.

Accrued Insurance. We are insured for property, casualty and workers' compensation insurance up to various stop loss amounts after meeting required retention levels. Losses are accrued based upon estimates of the liability for the related retentions for claims incurred using certain actuarial assumptions followed in the insurance industry and based on our experience. In the event we incur a significant number of losses beyond the coverage retention limits, additional expense beyond the actuarial projections would be required. Item 8. Financial Statements and Supplementary Data – Note 2 includes information on expense recognized during the past two years.

Asset Retirement Obligations. We measure asset retirement obligations based upon the applicable accounting guidance, using certain assumptions including estimates regarding the recovery of residues in storage tanks. In the event that operational or regulatory issues vary from our estimates, we could incur additional significant charges to income and increases in cash expenditures related to the disposal of those residues. Certain conditional asset retirement obligations related to facilities have not been recorded in the consolidated financial statements due to uncertainties surrounding the ultimate settlement date and estimate of fair value related to a legal obligation to perform an asset retirement activity. At the date a reasonable estimate of

the ultimate settlement can be made, we will record an asset retirement obligation and such amounts may be material to the consolidated financial statements in the period in which they are recorded. In 2013, we recorded additional asset retirement obligations of \$3.3 million related to storage tank and railcar cleaning costs in the United States. Item 8. Financial Statements and Supplementary Data – Note 2 includes information on expense recognized during the past two years.

Pension and Postretirement Benefits. Accounting for pension and other postretirement benefit obligations involves numerous assumptions, the most significant of which relate to the following:

- ; the discount rate for measuring the present value of future plan obligations;
- ; the expected long-term return on plan assets;
- ; the rate of future increases in compensation levels; and
- ; health care cost projections.

We develop our demographics and utilize the work of third-party actuaries to assist in the measurement of these obligations. We have selected different discount rates for our pension plans and our other post-retirement benefit plans due to the different projected benefit payment patterns. In determining the assumed discount rates at December 31, 2013, we use our third party actuary's discount rate model. This model calculates an equivalent single discount rate for the projected benefit plan cash flows using a hypothetical bond portfolio to match expected cash flows under our benefit plans. The bonds used are rated AA or higher by a recognized rating agency and only non-callable bonds are included with the exception of those with a "make-whole call" feature. The actuary limited the selection to those bonds with a minimum of 100,000 outstanding issues. Outlier bonds whose yields exceeded two standard deviations from the yield curve derived from similar quality bonds were excluded.

Of the assumptions used to measure the year-end obligations and estimated annual net periodic benefit cost, the discount rate has the most significant effect on the periodic benefit cost reported for the plans. Decreasing the discount rates of 5.06 percent for our pension plans and 5.25 percent for our other postretirement benefit plans by 0.25 would increase pension obligations and other postretirement benefit plan obligations by \$7.3 million and \$0.2 million, respectively, and would increase defined benefit pension expense and other postretirement benefit plan expense by \$0.7 million and \$0.0 million, respectively.

The asset rate of return assumption considers the asset mix of the plans (currently targeted at approximately 40 percent equity securities and 60 percent fixed income securities for the funded pension plans), past performance and other factors, including expected re-allocations of asset mix occurring within a reasonable period of time. Our asset rate of return assumption is 6.6 percent for 2014 defined benefit pension expense. Decreasing the 6.6 percent asset rate of return assumption by 0.25 would increase our defined benefit pension expense by \$0.5 million.

Compensation change assumptions are based on historical experience, anticipated future management actions and demographics of the benefit plans.

Health care cost trend assumptions are developed based on historical cost data, the near-term outlook and an assessment of likely long-term trends.

Item 8. Financial Statements and Supplementary Data – Note 15 includes detailed information about the assumptions used to calculate the components of our annual defined benefit pension and other postretirement plan expense, as well as the obligations and accumulated other comprehensive loss reported on the year-end balance sheets.

Litigation and Contingencies. We record liabilities related to legal matters when an adverse outcome is probable and reasonably estimable. To the extent we anticipate favorable outcomes to these matters which ultimately result in adverse outcomes, we could incur material adverse impacts on earnings and cash flows. Because such matters require significant judgments on the part of management, the recorded liabilities could be lower than what is ultimately required. Item 8. Financial Statements and Supplementary Data – Note 18 includes information about litigation and other contingencies.

Environmental Liabilities. We 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. We expect to incur substantial costs for ongoing compliance with such laws and regulations. We may also incur costs as a result of 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. We accrue for environmental liabilities when a determination can be made that they are probable and reasonably estimable. In 2011 we recorded environmental reserves of \$6.7 million related to the decision to cease manufacturing operations at our carbon black facility in Australia. Item 8. Financial Statements and Supplementary Data – Note 18 includes information about environmental liabilities.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Like other global companies, we are exposed to market risks relating to fluctuations in interest rates and foreign currency exchange rates. The objective of our financial risk management is to minimize the negative impact of interest rate and foreign exchange rate fluctuations on our earnings, cash flows and equity.

To manage the interest rate risks, we use a combination of fixed and variable rate debt. This reduces the impact of short-term fluctuations in interest rates. To manage foreign currency exchange rate risks, we enter into foreign currency debt instruments. This reduces the impact of fluctuating currencies on net income and equity. We also use forward exchange contracts to hedge firm commitments up to twelve months and all such contracts are marked to market with the recognition of a gain or loss at each reporting period.

The following analyses present the sensitivity of the market value, earnings and cash flows of our financial instruments and foreign operations to hypothetical changes in interest and exchange rates as if these changes occurred at December 31, 2013 and 2012. The range of changes chosen for these analyses reflects our view of changes which are reasonably possible over a one-year period. Market values are the present values of projected future cash flows based on the interest rate and exchange rate assumptions. These forward-looking statements are selective in nature and only address the potential impacts from financial instruments and foreign operations. They do not include other potential effects that could impact our business as a result of these changes.

Interest Rate and Debt Sensitivity Analysis. Our exposure to market risk for changes in interest rates relates primarily to our debt obligations. We have fixed and variable rate debt and the ability to incur variable rate debt under the Koppers Inc. credit agreement.

At December 31, 2013 we had \$296.5 million of fixed rate debt and \$6.6 million of variable rate debt and at December 31, 2012, we had \$296.1 million of fixed rate debt and no variable rate debt. Our ratio of variable rate debt to fixed rate debt at December 31, 2013 was approximately two percent. For fixed rate debt, interest rate changes affect the fair market value but do not impact earnings or cash flows. For variable rate debt, interest rate changes generally do not affect the fair market value but do impact future earnings and cash flows, assuming other factors are held constant.

Holding other variables constant (such as debt levels and foreign exchange rates), a one percentage point decrease in interest rates at December 31, 2013 and 2012 would have increased the unrealized fair market value of the fixed rate debt by approximately \$15.9 million and \$18.4 million, respectively. The earnings and cash flows for the year ending December 31, 2013, assuming a one percentage point increase in interest rates would have decreased approximately \$0.1 million, holding other variables constant for variable rate debt.

Exchange Rate Sensitivity Analysis. Our exchange rate exposures result primarily from our investment and ongoing operations in Australia, Denmark, the Netherlands, China and the United Kingdom. Holding other variables constant, if there were a ten percent reduction in all relevant exchange rates, the effect on our earnings, based on actual earnings from foreign operations for the years ended December 31, 2013 and 2012, would be reductions of approximately \$1.2 million and \$3.3 million, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Koppers Holdings Inc.

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Koppers Holdings Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Management has assessed the effectiveness of Koppers Holdings Inc.'s internal control over financial reporting as of December 31, 2013. In making this assessment, management has utilized the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework* (1992 Framework). Management concluded that based on its assessment, Koppers Holdings Inc.'s internal control over financial reporting was effective as of December 31, 2013.

The effectiveness of Koppers Holdings Inc.'s internal control over financial reporting as of December 31, 2013, has been audited by Ernst & Young LLP, the independent registered public accounting firm that also audited the consolidated financial statements included in this annual report, as stated in their attestation report which appears on page 42.

March 3, 2014

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

/s/ LEROY M. BALL
Leroy M. Ball
Vice President and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Koppers Holdings Inc.:

We have audited the accompanying consolidated balance sheets of Koppers Holdings Inc. as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Koppers Holdings Inc. at December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Koppers Holdings Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) and our report dated March 3, 2014 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP
Pittsburgh, Pennsylvania
March 3, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Koppers Holdings Inc.:

We have audited Koppers Holdings Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) (the COSO criteria). Koppers Holdings Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management's Report on Internal Control Over Financial Reporting". Our responsibility is to express an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Koppers Holdings Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Koppers Holdings Inc. as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2013 of Koppers Holdings Inc. and our report dated March 3, 2014 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP
Pittsburgh, Pennsylvania
March 3, 2014

KOPPERS HOLDINGS INC.
CONSOLIDATED STATEMENT OF INCOME

	Year Ended December 31,		
	2013	2012	2011
<i>(Dollars in millions, except share amounts)</i>			
Net sales	\$ 1,478.3	\$ 1,555.0	\$ 1,466.2
Cost of sales (excluding items below)	1,264.7	1,324.6	1,242.3
Depreciation and amortization	29.7	27.6	26.9
Impairment charges	11.9	0.6	0.0
Selling, general and administrative expenses	71.7	75.6	74.3
Operating profit	100.3	126.6	122.7
Other income	3.5	1.9	0.7
Interest expense	26.8	27.9	27.2
Income before income taxes	77.0	100.6	96.2
Income taxes	36.8	33.3	38.7
Income from continuing operations	40.2	67.3	57.5
Loss from discontinued operations, net of tax benefit of \$0.1, \$0.2 and \$23.8	(0.1)	(0.1)	(19.9)
Net income	40.1	67.2	37.6
Net income (loss) attributable to noncontrolling interests	(0.3)	1.6	0.7
Net income attributable to Koppers	\$ 40.4	\$ 65.6	\$ 36.9
Earnings (loss) per common share:			
Basic –			
Continuing operations	\$ 1.96	\$ 3.18	\$ 2.75
Discontinued operations	0.00	(0.01)	(0.96)
Earnings per basic common share	\$ 1.96	\$ 3.17	\$ 1.79
Diluted –			
Continuing operations	\$ 1.94	\$ 3.14	\$ 2.72
Discontinued operations	0.00	(0.01)	(0.95)
Earnings per diluted common share	\$ 1.94	\$ 3.13	\$ 1.77
Weighted average common shares outstanding (in thousands):			
Basic	20,575	20,681	20,599
Diluted	20,815	20,927	20,833
Dividends declared per common share	\$ 1.00	\$ 0.96	\$ 0.88

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2013	2012	2011
<i>(Dollars in millions)</i>			
Net income	\$ 40.1	\$ 67.2	\$ 37.6
Changes in other comprehensive income (loss):			
Currency translation adjustment	(0.6)	4.0	(2.0)
Foreign currency transactions of long-term subsidiary investments	(9.4)	1.8	(0.5)
Unrecognized pension transition asset, net of tax of \$0.0, \$0.1 and \$0.1	0.0	(0.3)	(0.2)
Unrecognized pension prior service cost, net of tax of \$(0.7), \$0.0 and \$0.0	1.1	0.0	0.1
Unrecognized pension net gain (loss), net of tax of \$(12.8), \$(2.3) and \$9.2	21.3	2.8	(14.9)
Total comprehensive income	52.5	75.5	20.1
Comprehensive income attributable to noncontrolling interests	0.2	1.8	1.2
Comprehensive income attributable to Koppers	\$ 52.3	\$ 73.7	\$ 18.9

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

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KOPPERS HOLDINGS INC.
CONSOLIDATED BALANCE SHEET

	December 31,	
	2013	2012
<i>(Dollars in millions, except share amounts)</i>		
Assets		
Cash and cash equivalents	\$ 82.2	\$ 66.7
Accounts receivable, net of allowance of \$3.6 and \$3.7	157.9	162.7
Income tax receivable	9.0	1.6
Inventories, net	168.8	195.8
Deferred tax assets	10.0	15.1
Loan to related party	9.5	9.5
Other current assets	35.7	29.8
Total current assets	473.1	481.2
Equity in non-consolidated investments	6.6	5.8
Property, plant and equipment, net	197.0	161.1
Goodwill	72.7	75.6
Deferred tax assets	9.3	27.2
Other assets	26.2	29.1
Total assets	\$ 784.9	\$ 780.0
Liabilities		
Accounts payable	\$ 107.6	\$ 103.5
Accrued liabilities	82.4	72.1
Dividends payable	5.1	5.6
Total current liabilities	195.1	181.2
Long-term debt	303.1	296.1
Accrued postretirement benefits	41.6	89.9
Deferred tax liabilities	14.7	3.2
Other long-term liabilities	40.6	41.5
Total liabilities	595.1	611.9
Commitments and contingent liabilities (Note 18)		
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; 21,722,492 and 21,585,129 shares issued	0.2	0.2
Additional paid-in capital	158.9	153.3
Retained earnings	71.3	52.0
Accumulated other comprehensive loss	(10.2)	(22.0)
Treasury stock, at cost; 1,390,494 and 951,026 shares	(50.4)	(32.9)
Total Koppers shareholders' equity	169.8	150.6
Noncontrolling interests	20.0	17.5
Total equity	189.8	168.1
Total liabilities and equity	\$ 784.9	\$ 780.0

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

KOPPERS HOLDINGS INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31,		
	2013	2012	2011
<i>(Dollars in millions)</i>			
Cash provided by (used in) operating activities			
Net income	\$ 40.1	\$ 67.2	\$ 37.6
Adjustments to reconcile net cash provided by operating activities:			
Depreciation and amortization	29.7	27.6	48.8
Impairment charges	11.9	0.6	0.0
(Gain) loss on sale of assets	(2.3)	0.1	(0.2)
Deferred income taxes	19.5	8.0	(11.3)
Non-cash interest expense	1.7	1.7	1.6
Equity income of affiliated companies	(0.8)	(0.8)	(0.2)
Change in other liabilities	(16.4)	(11.2)	6.7
Stock-based compensation	4.3	6.9	5.3
Other	0.5	(1.1)	(3.0)
Decrease (increase) in working capital:			
Accounts receivable	2.9	(0.2)	(33.2)
Inventories	21.6	(26.5)	5.1
Accounts payable	4.9	(0.1)	15.3
Accrued liabilities and other working capital	0.0	5.6	4.4
Net cash provided by operating activities	117.6	77.8	76.9
Cash provided by (used in) investing activities			
Capital expenditures	(72.9)	(28.9)	(33.2)
Acquisitions, net of cash acquired	(2.3)	(14.0)	(0.6)
Net cash proceeds (payments) from loan to related party	0.0	2.2	(11.7)
Net cash proceeds from divestitures and asset sales	2.9	0.8	0.8
Net cash used in investing activities	(72.3)	(39.9)	(44.7)
Cash provided by (used in) financing activities			
Borrowings of revolving credit	97.9	259.4	218.0
Repayments of revolving credit	(97.9)	(265.8)	(211.6)
Borrowings of long-term debt	6.6	0.0	0.0
Repayments on long-term debt	0.0	0.0	(1.0)
Issuances of Common Stock	0.2	1.5	0.3
Repurchases of Common Stock	(17.5)	(8.1)	(0.3)
Proceeds from issuance of noncontrolling interest	2.3	3.7	0.0
Excess tax benefit from employee stock plans	0.5	1.6	0.0
Payment of deferred financing costs	(1.3)	(0.1)	(0.5)
Dividends paid	(21.1)	(19.5)	(18.2)
Net cash used in financing activities	(30.3)	(27.3)	(13.3)
Effect of exchange rates on cash	0.5	2.0	(0.1)
Net increase in cash and cash equivalents	15.5	12.6	18.8
Cash and cash equivalents at beginning of year	66.7	54.1	35.3
Cash and cash equivalents at end of year	\$ 82.2	\$ 66.7	\$ 54.1
Supplemental disclosure of cash flows information:			
Cash paid during the year for:			
Interest	\$ 25.1	\$ 26.0	\$ 25.8
Income taxes	20.5	13.6	25.7

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

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KOPPERS HOLDINGS INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	Year Ended December 31,		
	2013	2012	2011
<i>(Dollars in millions)</i>			
Senior Convertible Preferred Stock			
Balance at beginning and end of year	\$ 0.0	\$ 0.0	\$ 0.0
Common Stock			
Balance at beginning and end of year	0.2	0.2	0.2
Additional paid-in capital			
Balance at beginning of year	153.3	142.9	137.0
Employee stock plans	5.6	10.4	5.9
Balance at end of year	158.9	153.3	142.9
Retained earnings (deficit)			
Balance at beginning of year	52.0	6.7	(11.7)
Net income attributable to Koppers	40.4	65.6	36.9
Common Stock dividends	(21.1)	(20.3)	(18.5)
Balance at end of year	71.3	52.0	6.7
Accumulated other comprehensive loss			
Currency translation adjustment			
Balance at beginning of year	34.5	28.8	31.7
Change in currency translation adjustment excluding foreign currency transactions of long-term subsidiary investments	(1.1)	3.9	(2.4)
Change in foreign currency transactions of long-term subsidiary investments	(9.4)	1.8	(0.5)
Balance at end of year	24.0	34.5	28.8
Unrecognized pension transition asset:			
Balance at beginning of year	0.0	0.3	0.5
Reclassification of unrecognized pension transition asset to expense, net of tax benefit of \$0.0, \$0.1 and \$0.1	0.0	(0.3)	(0.2)
Balance at end of year	0.0	0.0	0.3
Unrecognized pension prior service cost:			
Balance at beginning of year	(0.2)	(0.2)	(0.3)
Reclassification of unrecognized pension prior service cost to expense, net of tax expense of \$0.1, \$0.0 and \$0.0	0.1	0.0	0.1
Revaluation of unrecognized pension prior service cost, net of tax expense of \$0.6, \$0.0 and \$0.0	0.9	0.0	0.0
Balance at end of year	0.8	(0.2)	(0.2)
Unrecognized pension net loss:			
Balance at beginning of year	(56.3)	(59.1)	(44.2)
Reclassification of unrecognized pension net loss to expense, net of tax expense of \$2.8, \$3.1 and \$2.4	4.7	5.3	4.0
Revaluation of unrecognized pension net loss, net of tax expense (benefit) of \$10.0, \$(0.9) and \$(11.7)	16.6	(2.5)	(18.9)
Balance at end of year	(35.0)	(56.3)	(59.1)
Total balance at end of year	(10.2)	(22.0)	(30.2)
Treasury stock			
Balance at beginning of year	(32.9)	(24.8)	(24.5)
Purchases	(17.5)	(8.1)	(0.3)
Balance at end of year	(50.4)	(32.9)	(24.8)
Total Koppers shareholders' equity – end of year	169.8	150.6	94.8
Noncontrolling interests			
Balance at beginning of year	17.5	12.4	11.2
Net income (loss) attributable to noncontrolling interests	(0.3)	1.6	0.7
Investment in noncontrolling interests	2.3	3.3	0.0
Currency translation adjustment	0.5	0.2	0.5
Balance at end of year	20.0	17.5	12.4
Total equity – end of year	\$ 189.8	\$ 168.1	\$ 107.2

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

KOPPERS HOLDINGS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business

Parent company of Koppers Inc. – In these financial statements, unless otherwise indicated or the context requires otherwise, when the terms “Koppers,” the “Company,” “we,” “our” or “us,” are used, they mean Koppers Holdings Inc. (“Koppers Holdings”) and its subsidiaries on a consolidated basis. The use of these terms is not intended to imply that Koppers Holdings and Koppers Inc. are not separate and distinct legal entities from each other and from their respective subsidiaries. Koppers Holdings has no direct operations and no significant assets other than the stock of Koppers Inc. It depends on the dividends from the earnings of Koppers Inc. and its subsidiaries to generate the funds necessary to meet its financial obligations. The terms of Koppers Inc.’s revolving credit facility prohibit Koppers Inc. from paying dividends and otherwise transferring assets except for certain limited dividends. Further, the terms of the indenture governing Koppers Inc.’s Senior Notes significantly restrict Koppers Inc. from paying dividends and otherwise transferring assets to Koppers Holdings.

Business description – The Company is a global integrated producer of carbon compounds and treated and untreated wood products and services for use in a variety of markets including the aluminum, railroad, specialty chemical, utility, concrete and steel industries. The Company’s business is operated through two business segments, Carbon Materials and Chemicals and Railroad and Utility Products and Services.

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, rail joint bars and services primarily to the railroad industry and treated wood products to the utility industry. 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 segment also produces concrete crossties through a joint venture.

2. Summary of Significant Accounting Policies

Basis of presentation – The consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries for which the Company is deemed to exercise control over its operations. All significant intercompany transactions have been eliminated in consolidation. The Company’s investments in 20 percent to 50 percent-owned companies in which it has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method of accounting. Accordingly, the Company’s share of the earnings of these companies is included in the accompanying consolidated statement of income. Certain prior period amounts in the consolidated financial statements and notes thereto have been reclassified to conform to the current period’s presentation.

Use of estimates – Accounting principles generally accepted in the U.S. require management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingencies on the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Estimates have been prepared on the basis of the most current and best available information and actual results could differ materially from these estimates.

Foreign currency translation – For consolidated entities outside of the U.S. that prepare financial statements in currencies other than the U.S. dollar, results of operations and cash flows are translated at average exchange rates during the period, and asset and liabilities are translated at end-of-period exchange rates. Cumulative translation adjustments are included as a separate component of accumulated other comprehensive loss in shareholders’ equity.

Foreign currency transaction gains and losses result from transactions denominated in a currency which is different than the currency used by the entity to prepare its financial statements. Foreign currency transaction losses were \$0.5 million, \$1.7 million and \$0.5 million for the years ended December 31, 2013, 2012 and 2011, respectively.

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Revenue recognition – The Company recognizes revenue when the risks and rewards of ownership and title to the product have transferred to the customer. Revenue recognition generally occurs at the point of shipment; however in certain circumstances as shipping terms dictate, revenue is recognized at the point of destination. Shipping and handling costs are included as a component of cost of sales.

The Company recognizes revenue related to the procurement of certain untreated railroad crossties upon transfer of title to the customer, which occurs upon delivery to the Company's plant and acceptance by the customer. Service revenue, consisting primarily of wood treating services, is recognized at the time the service is provided. Payment on sales of untreated railroad crossties and wood treating services are generally due within 30 days of the invoice date. The Company's recognition of revenue with respect to untreated crossties meets all the recognition criteria of Securities and Exchange Commission Staff Accounting Bulletin Topic 13.A.3., including transfer of title and risk of ownership, the existence of fixed purchase commitments and delivery schedules established by the customer, and the completion of all performance obligations by the Company. Revenue recognized for untreated crosstie sales for the years ended December 31, 2013, 2012 and 2011 amounted to \$108.3 million, \$109.0 million and \$116.5 million, respectively.

Research & development – Research and development costs are expensed as incurred and are included in selling, general and administrative expenses. These costs totaled \$2.4 million in 2013, \$2.3 million in 2012 and \$1.9 million in 2011.

Cash and cash equivalents – Cash and cash equivalents include cash on hand and on deposit and investments in highly liquid investments with an original maturity of 90 days or less.

Accounts receivable – The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. In circumstances where the Company becomes aware of a specific customer's inability to meet its financial obligations to Koppers, a specific reserve for bad debts is recorded against amounts due. If the financial condition of the Company's customers were to deteriorate, resulting in an inability to make payments, additional allowances may be required.

Inventories – Inventories are carried at lower of cost or market on a worldwide basis. In the U.S., inventory cost (excluding miscellaneous types of inventory) is determined primarily utilizing the last-in, first-out ("LIFO") basis. Inventory cost outside the U.S. is determined utilizing the first-in, first-out ("FIFO") basis. Market represents replacement cost for raw materials and net realizable value for work in process and finished goods. LIFO inventories constituted approximately 62 percent of the FIFO inventory value at December 31, 2013 and 2012.

Property, plant & equipment – Property, plant and equipment are recorded at purchased cost and include improvements which significantly increase capacities or extend useful lives of existing plant and equipment. Depreciation expense is calculated by applying the straight-line method over estimated useful lives. Estimated useful lives for buildings generally range from 10 to 20 years and depreciable lives for machinery and equipment generally range from 3 to 10 years. Net gains and losses related to asset disposals are recognized in earnings in the period in which the disposal occurs. Routine repairs, replacements and maintenance are expensed as incurred.

The Company periodically evaluates whether current facts and circumstances indicate that the carrying value of its depreciable long-lived assets may not be recoverable. If an asset, or logical grouping of assets, is determined to be impaired, the asset is written down to its fair value using discounted future cash flows and, if available, quoted market prices.

Goodwill & other intangible assets – Goodwill and other purchased intangible assets are included in the identifiable assets of the business segment to which they have been assigned. The Company performs impairment tests annually for goodwill, and more often as circumstances require. When it is determined that impairment has occurred, an appropriate charge to earnings is recorded. The Company performed its annual impairment test in the fourth quarters of 2013 and 2012 and determined that the estimated fair values substantially exceeded the carrying values of all the reporting units and accordingly, there was no impairment of goodwill.

Identifiable intangible assets, other than goodwill, are recorded at cost. Identifiable intangible assets that do not have indefinite lives are amortized on a straight-line basis over their estimated useful lives.

Deferred income taxes – Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax laws is recognized in earnings in the period the new laws are enacted. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets unless it is more likely than not that such

assets will be realized. Deferred tax liabilities have not been recognized for the undistributed earnings of certain foreign subsidiaries because management intends to permanently reinvest such earnings in foreign operations.

Self-insured liabilities – The Company is self-insured for property, casualty and workers' compensation exposures up to various stop-loss coverage amounts. Losses are accrued based upon the Company's estimates of the liability for the related deductibles of claims incurred. Such estimates utilize actuarial methods based on various assumptions, which include but are not limited to, the Company's historical loss experience and projected loss development factors. In 2013 and 2012, reversals of self-insured liabilities occurred as a result of favorable loss trends related to self-insured claims.

	2013	2012
<i>(Dollars in millions)</i>		
Self-insured liabilities at beginning of year	\$ 7.6	\$ 7.4
Expense	2.5	2.4
Reversal of self-insured liabilities	(0.4)	(1.0)
Cash expenditures	(1.3)	(1.2)
Self-insured liabilities at end of year	\$ 8.4	\$ 7.6

Derivative financial instruments – The Company uses forward exchange contracts to hedge exposure to currency exchange rate changes on transactions and other commitments denominated in a foreign currency. Contracts are generally written on a short-term basis and are not held for trading or speculative purposes. The Company recognizes the fair value of the forward contracts as an asset or liability at each reporting date. Because the Company has not elected to designate the forward exchange contracts for hedge accounting treatment, changes in the fair value of the forward exchange contracts are recognized immediately in earnings.

Asset retirement obligations – Asset retirement obligations are initially recorded at fair value and are capitalized as part of the cost of the related long-lived asset when sufficient information is available to estimate fair value. The capitalized costs are subsequently charged to depreciation expense over the estimated useful life of the related long-lived asset. The fair value of the obligation is determined by calculating the discounted value of expected future cash flows and accretion expense is recorded each month to ultimately increase this obligation to full value.

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; cleaning costs for leased rail cars and barges; and site demolition.

The following table describes changes to the Company's asset retirement obligation liabilities at December 31, 2013 and 2012:

	2013	2012
<i>(Dollars in millions)</i>		
Asset retirement obligation at beginning of year	\$21.5	\$21.3
Accretion expense	1.2	1.1
Revision in estimated cash flows	6.7	1.8
Cash expenditures	(5.6)	(3.0)
Currency translation	(0.6)	0.3
Asset retirement obligation at end of year	\$23.2	\$21.5

Litigation & contingencies – Amounts associated with litigation and contingencies are accrued when management, after taking into consideration the facts and circumstances of each matter including any settlement offers, has determined that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Legal costs for litigation are expensed as incurred with the exception of legal fees relating the CERCLA sites.

Other current assets – Included in other current assets are prepaid expenses totaling \$17.3 million and \$7.4 million at December 31, 2013 and 2012, respectively.

Environmental liabilities – The Company accrues for remediation costs and penalties when the responsibility to remediate is probable and the amount of related cost is reasonably estimable. If only a range of potential liability can be estimated and no

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amount within the range is more probable than another, the accrual is recorded at the low end of that range. Remediation liabilities are discounted if the amount and timing of the cash disbursements are readily determinable.

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 describes changes to the Company's deferred revenue at December 31, 2013 and 2012:

	2013	2012
<i>(Dollars in millions)</i>		
Deferred revenue at beginning of year	\$ 3.9	\$ 4.8
Revenue earned	(0.7)	(0.9)
Deferred revenue at end of year	\$ 3.2	\$ 3.9

Stock-based compensation – The Company records compensation cost over the vesting period for share-based payments to employees at an amount equivalent to the grant date fair value of the stock award. No compensation cost is recognized for any stock awards that are forfeited in the event the recipient fails to meet the vesting requirements.

3. Business Acquisitions

Western Poles – On November 19, 2012, the Company acquired the pole distribution business ("Western Poles") of Ridolfo Forestry Products Pty Limited for cash of \$13.8 million and expected future payments totaling \$4.9 million (on a discounted basis) to be paid over a period of 36 months assuming certain sales contracts remain in effect. The Western Poles business mainly serves utility customers in Western Australia and complements our existing wood treatment business in Australia. The business is part of the Railroad and Utility Products and Services segment.

Pro-forma information – The consolidated pro forma results of operations if the acquisition had been completed as of the beginning of the year in 2012 would have been pro forma revenue of \$1,581.7 million and operating profit of \$130.1 million for the year ended December 31, 2012. The consolidated pro forma results of operations if the acquisition had been completed as of the beginning of the year in 2011 would have been pro forma revenue of \$1,480.3 million and operating profit of \$123.7 million for the year ended December 31, 2011.

Subsequent event – 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, after an adjustment for working capital of approximately \$0.8 million, was \$29.6 million subject to post-closing adjustments. The purchase has been funded primarily by available cash. The business is part of the Railroad and Utility Products and Services segment.

4. Discontinued Operations

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 costs related to this closure totaled \$41.0 million in the fourth quarter of 2011. The Company estimates that total future closure costs related to this facility will be approximately \$0.5 million. The closure is expected to be completed during 2015. The results of operations of the carbon black facility have been reclassified to discontinued operations for all periods presented as run-off activities were completed in the first quarter of 2012. The facility is part of the Carbon Materials and Chemicals segment. Net sales from this discontinued operation totaled \$5.6 million and \$72.7 million for the years ended December 31, 2012 and 2011, respectively. Operating loss from this discontinued operation totaled \$(0.2) million, \$(0.3) million and \$(43.7) million for the years ended December 31, 2013, 2012 and 2011, respectively.

Details of the restructuring activities and related reserves for 2013 and 2012 are as follows:

<i>(Dollars in millions)</i>	Severance and employee benefits	Environmental remediation	Inventory writedowns	Site demolition	Other	Total
Reserve at January 1, 2012	\$ 1.8	\$ 6.7	\$ 0.0	\$ 6.2	\$ 1.2	\$15.9
Charges	0.1	0.0	0.4	0.0	0.0	0.5
Costs charged against assets	0.0	0.0	(0.4)	0.0	0.0	(0.4)
Reversal of accrued charges	0.0	0.0	0.0	0.0	(0.6)	(0.6)
Cash paid	(1.7)	(0.1)	0.0	(0.4)	(0.5)	(2.7)
Currency translation	0.0	0.1	0.0	0.1	0.0	0.2
Reserve at December 31, 2012	\$ 0.2	\$ 6.7	\$ 0.0	\$ 5.9	\$ 0.1	\$12.9
Reversal of accrued charges	(0.1)	0.0	0.0	(0.3)	0.0	(0.4)
Cash paid	0.0	(0.1)	0.0	(2.0)	(0.1)	(2.2)
Currency translation	0.0	(1.0)	0.0	(0.7)	0.0	(1.7)
Reserve at December 31, 2013	\$0.1	\$ 5.6	\$ 0.0	\$ 2.9	\$ 0.0	\$ 8.6

5. Earnings and Dividends 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 nonvested 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 and performance restricted stock units that have not met vesting criteria are 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>(Dollars in millions, except share amounts, in thousands, and per share amounts)</i>	Year Ended December 31,		
	2013	2012	2011
Net income attributable to Koppers	\$ 40.4	\$ 65.6	\$ 36.9
Less: discontinued operations	(0.1)	(0.1)	(19.9)
Income from continuing operations attributable to Koppers	\$ 40.5	\$ 65.7	\$ 56.8
Weighted average common shares outstanding:			
Basic	20,575	20,681	20,599
Effect of dilutive securities	240	246	234
Diluted	20,815	20,927	20,833
Earnings per common share – continuing operations:			
Basic earnings per common share	\$ 1.96	\$ 3.18	\$ 2.75
Diluted earnings per common share	1.94	3.14	2.72
Other data:			
Antidilutive securities excluded from computation of diluted earnings per common share	240	194	106

On February 5, 2014, the board of directors declared a quarterly dividend of 25 cents per common share, payable on April 7, 2014 to shareholders of record as of February 18, 2014.

6. 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.

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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, 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 December 31, 2013:

<i>Performance Period</i>	<i>Minimum Shares</i>	<i>Target Shares</i>	<i>Maximum Shares</i>
2012 – 2014	0	95,956	143,934
2013 – 2015	0	93,523	140,285

The following table shows a summary of the status and activity of non-vested stock awards for the year ended December 31, 2013:

	<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 January 1, 2013	136,098	268,677	404,775	\$ 36.11
Granted	62,276	97,318	159,594	\$ 42.64
Credited from dividends	3,526	7,064	10,590	\$ 35.17
Performance stock unit adjustment	0	43,921	43,921	\$ 40.09
Vested	(46,314)	(85,798)	(132,112)	\$ 29.81
Forfeited	(6,750)	(11,198)	(17,948)	\$ 40.26
Non-vested at December 31, 2013	148,836	319,984	468,820	\$ 40.30

Stock options to most executive officers vest and become exercisable upon the completion of a three-year service period which commences 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:

	February 2013 Grant	February 2012 Grant	February 2011 Grant
Grant date price per share of option award	\$ 42.76	\$ 38.21	\$ 40.26
Expected dividend yield per share	2.75%	2.75%	2.50%
Expected life in years	6.5	6.5	6.5
Expected volatility	53.77%	55.06%	60.00%
Risk-free interest rate	1.29%	1.34%	3.02%
Grant date fair value per share of option awards	\$ 17.28	\$ 15.82	\$ 19.28

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 year ended December 31, 2013:

	Options	Weighted Average Exercise Price per Option	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2013	331,799	\$ 34.07		
Granted	94,532	\$ 42.76		
Exercised	(5,251)	\$ 39.04		
Outstanding at December 31, 2013	421,080	\$ 35.96	6.86	\$ 4.1
Exercisable at December 31, 2013	167,565	\$ 29.15	4.70	\$ 2.8

Total stock-based compensation expense recognized for the three years ended December 31, 2013 is as follows:

	Year Ended December 31,		
	2013	2012	2011
(Dollars in millions)			
Stock-based compensation expense recognized:			
Selling, general and administrative expenses	\$ 4.3	\$ 6.9	\$ 5.3
Less related income tax benefit	1.7	2.8	2.0
Decrease in net income attributable to Koppers	\$ 2.6	\$ 4.1	\$ 3.3

As of December 31, 2013 total future compensation expense related to non-vested stock-based compensation arrangements totaled \$4.0 million and the weighted-average period over which this expense is expected to be recognized is approximately 19 months.

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7. Income Taxes

Income Tax Provision

Components of the Company's income tax provision from continuing operations are as follows:

	<i>Years Ended December 31,</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
<i>(Dollars in millions)</i>			
Current:			
Federal	\$ 3.5	\$15.7	\$24.7
State	0.6	1.3	1.1
Foreign	14.0	8.6	21.5
Total current tax provision	18.1	25.6	47.3
Deferred:			
Federal	16.4	4.9	(6.7)
State	2.5	(1.2)	0.1
Foreign	(0.2)	4.0	(2.0)
Total deferred tax provision (benefit)	18.7	7.7	(8.6)
Total income tax provision	\$36.8	\$33.3	\$38.7

Income before income taxes for 2013, 2012 and 2011 included \$24.6 million, \$42.6 million and \$51.8 million, respectively, from foreign operations.

The provision for income taxes is reconciled with the federal statutory rate as follows:

	<i>Years Ended December 31,</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
Federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	2.1	(0.5)	0.7
Foreign earnings taxed at different rates	15.5	0.5	1.4
Domestic production activities deduction	(2.0)	(2.7)	(1.3)
Non-deductible fines and penalties	0.0	0.0	0.2
Deferred tax adjustments	(0.2)	(0.3)	0.1
Change in tax contingency reserves	(1.5)	1.2	3.8
Foreign tax credits	(1.1)	(0.6)	0.0
Other	0.0	0.5	0.3
	47.8%	33.1%	40.2%

The Company has not provided any U.S. tax on undistributed earnings of foreign subsidiaries or joint ventures that are reinvested indefinitely. At December 31, 2013 consolidated retained earnings of the Company included approximately \$103 million of undistributed earnings, which are permanently invested, from these foreign entities. It is not practical at this time, however, to estimate the amount of taxes that may be payable on the distribution of these earnings.

Taxes Excluded from Net Income Attributable to Koppers

The amount of income tax provision (benefit) included in comprehensive income but excluded from net income attributable to Koppers relating to adjustments to reflect the unfunded status of employee post-retirement benefit plans is \$13.5 million, \$2.2 million and \$(9.3) million for the years ended December 31, 2013, 2012 and 2011, respectively.

The amount of income tax benefit included in shareholders' equity but excluded from net income attributable to Koppers relating to the expense for restricted stock and employee stock options recognized differently for financial and tax reporting purposes was \$0.5 million for the year ended December 31, 2013 and \$1.6 million for the year ended December 31, 2012.

Deferred Tax Assets and Liabilities

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's deferred tax assets and liabilities are as follows:

	<i>December 31,</i>	
	<i>2013</i>	<i>2012</i>
<i>(Dollars in millions)</i>		
Deferred tax assets:		
Reserves, including insurance, environmental and deferred revenue	\$ 16.5	\$ 19.8
Pension and other postretirement benefits obligations	10.3	33.4
Tax credits	10.3	9.6
Net operating loss benefit	10.0	9.4
Accrued employee compensation	9.4	9.8
Asset retirement obligations	6.8	7.2
Book/tax inventory accounting differences	3.3	3.0
Capital loss benefit	1.1	1.5
Other	2.2	3.1
Valuation allowance	(19.7)	(17.4)
Total deferred tax assets	50.2	79.4
Deferred tax liabilities:		
Tax over book depreciation and amortization	34.1	29.5
Unremitted earnings of foreign subsidiaries	6.8	5.9
Tax/book inventory accounting differences	1.1	1.1
Other	3.7	3.7
Total deferred tax liabilities	45.7	40.2
Net deferred tax assets	\$ 4.5	\$ 39.2

A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. At December 31, 2013, the Company has recorded a valuation allowance of \$7.2 million for certain state net operating loss carryforwards anticipated to produce no tax benefit. The Company has recorded a valuation allowance of \$9.4 million for certain foreign tax credits in the United States expected to produce no benefit. These foreign tax credits will begin to expire in 2018. The Company has recorded a valuation allowance of \$1.7 million for foreign net operating losses and certain foreign temporary differences that most likely will not be deducted. Additionally, the Company has recorded a valuation allowance of \$1.1 million for certain capital loss carryforwards in Australia expected to produce no benefit. The Company has tax-effected state net operating losses of \$9.1 million, which will expire from 2015 to 2032 and tax-effected foreign net operating losses of \$0.9 million, which will expire in 2019.

Uncertain Tax Positions

The Company or one of its subsidiaries files income tax returns in 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.

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As of December 31, 2013 and 2012, the total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate, was approximately \$4.5 million and \$5.5 million, respectively. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	December 31,		
	2013	2012	2011
<i>(Dollars in millions)</i>			
Balance at beginning of year	\$ 7.7	\$ 9.9	\$ 6.5
Additions based on tax provisions related to the current year	0.4	0.5	4.0
Additions for tax provisions of prior years	0.4	1.3	0.0
Reductions of tax provisions of prior years	(0.8)	(0.5)	0.0
Reductions as a result of payments and settlements	(1.1)	(2.8)	0.0
Reductions as a result of a lapse of the applicable statute of limitations	(0.5)	(0.7)	(0.6)
Balance at end of year	\$ 6.1	\$ 7.7	\$ 9.9

The Company recognizes interest expense or interest income and any related penalties from uncertain tax positions in income tax expense. For each year ended December 31, 2013, 2012 and 2011, the Company recognized (\$0.1) million, \$0.3 million and \$0.2 million, respectively, in interest and penalties. As of December 31, 2013 and 2012, the Company had accrued approximately \$1.2 million and \$1.3 million for interest and penalties, respectively.

Recently-Enacted Tax Regulations

On September 13, 2013, Treasury and the Internal Revenue Service issued final regulations regarding the deduction and capitalization of expenditures related to tangible property. The final regulations under Internal Revenue Code Sections 162, 167 and 263(a) apply to amounts paid to acquire, produce, or improve tangible property as well as dispositions of such property and are generally effective for tax years beginning on or after January 1, 2014. We have evaluated these regulations and determined they do not have a material impact on our consolidated results of operations, cash flows or financial position.

8. 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.

Results of Segment Operations

	Year Ended December 31,		
	2013	2012	2011
<i>(Dollars in millions)</i>			
Revenues from external customers:			
Carbon Materials and Chemicals	\$ 906.1	\$ 999.7	\$ 943.1
Railroad and Utility Products and Services	572.2	555.3	523.1
Total	\$ 1,478.3	\$ 1,555.0	\$ 1,466.2
Intersegment revenues:			
Carbon Materials and Chemicals	\$ 94.2	\$ 106.5	\$ 95.2
Depreciation & amortization ^(a) :			
Carbon Materials and Chemicals	\$ 18.2	\$ 16.9	\$ 17.4
Railroad and Utility Products and Services	11.5	10.7	9.5
Total	\$ 29.7	\$ 27.6	\$ 26.9
Operating profit:			
Carbon Materials and Chemicals	\$ 43.9	\$ 83.1	\$ 89.1
Railroad and Utility Products and Services	58.3	45.1	34.8
Corporate ^(b)	(1.9)	(1.6)	(1.2)
Total	\$ 100.3	\$ 126.6	\$ 122.7
Capital expenditures (including acquisitions):			
Carbon Materials and Chemicals	\$ 58.0	\$ 17.3	\$ 23.0
Railroad and Utility Products and Services	15.9	25.0	10.2
Corporate	1.3	0.6	0.6
Total	\$ 75.2	\$ 42.9	\$ 33.8

(a) Excludes impairment charges of \$11.9 million in 2013 for Carbon Materials and Chemicals and \$0.6 million in 2012 for Railroad and Utility Products and Services.

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

Assets and Goodwill by Segment

	December 31,	
	2013	2012
<i>(Dollars in millions)</i>		
Assets:		
Carbon Materials and Chemicals	\$ 535.5	\$ 516.3
Railroad and Utility Products and Services	179.3	205.0
Segment assets	714.8	721.3
Cash & cash equivalents	30.0	4.8
Income tax receivable	9.0	1.6
Deferred taxes	13.3	35.5
Deferred financing costs	7.2	7.2
Property, plant and equipment, net	3.8	3.5
Deferred charges	2.6	2.6
Other	4.2	3.5
Total	\$ 784.9	\$ 780.0
Goodwill:		
Carbon Materials and Chemicals	\$ 68.0	\$ 70.2
Railroad and Utility Products and Services	4.7	5.4
Total	\$ 72.7	\$ 75.6

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Revenues and Long-lived Assets by Geographic Area

<i>(Dollars in millions)</i>	Year	Revenue	Long-lived assets
United States	2013	\$ 782.5	\$ 169.1
	2012	827.6	162.9
	2011	787.5	161.6
Australasia	2013	348.3	100.6
	2012	318.9	72.4
	2011	276.6	58.7
Europe	2013	225.1	32.8
	2012	247.8	36.3
	2011	248.0	35.7
Other countries	2013	122.4	0.0
	2012	160.7	0.0
	2011	154.1	0.0
Total	2013	\$ 1,478.3	\$ 302.5
	2012	\$ 1,555.0	\$ 271.6
	2011	\$ 1,466.2	\$ 256.0

Revenues by geographic area in the above table are attributed by the destination country of the sale. Revenues from non-U.S. countries totaled \$695.8 million in 2013, \$727.4 million in 2012 and \$681.1 million in 2011.

Segment Revenues for Significant Product Lines

<i>(Dollars in millions)</i>	Year Ended December 31,		
	2013	2012	2011
Carbon Materials and Chemicals:			
Carbon pitch	\$ 384.7	\$ 442.4	\$ 431.1
Creosote and carbon black feedstock	228.2	233.8	162.0
Phthalic anhydride	98.6	120.0	112.4
Naphthalene	64.5	60.3	72.3
Other products	130.1	143.2	165.3
	906.1	999.7	943.1
Railroad and Utility Products and Services:			
Railroad crossties	331.1	341.1	324.9
Utility poles	119.3	101.3	84.2
Creosote	61.4	57.0	52.7
Rail joint bars	24.5	25.6	24.7
Other products	35.9	30.3	36.6
	572.2	555.3	523.1
Total	\$ 1,478.3	\$ 1,555.0	\$ 1,466.2

9. Inventories

Inventories as of December 31, 2013 and 2012 were as follows:

	<u>December 31,</u>	
	2013	2012
<i>(Dollars in millions)</i>		
Raw materials	\$ 105.4	\$ 118.2
Work in process	19.2	20.0
Finished goods	94.8	109.7
	219.4	247.9
Less revaluation to LIFO	50.6	52.1
Net	\$ 168.8	\$ 195.8

For the years ended December 31, 2013 and 2011, liquidations of LIFO inventories increased operating profit by \$0.2 million and \$0.3 million.

10. Equity Investments

The Company holds two investments in unconsolidated companies. KSA Limited Partnership is a 50 percent owned concrete crosstie operation located in Portsmouth, Ohio. Tangshan Koppers Kailuan Carbon Chemical Company Limited ("TKK") is a 30-percent owned tar distillation facility in the Hebei Province of China. No dividends were paid for the three years ended December 31, 2013. Equity in earnings for the three years ended December 31, 2013 were as follows:

	<i>Equity income</i>
<i>(Dollars in millions)</i>	
2013	\$ 0.8
2012	0.8
2011	0.2

11. Property, Plant and Equipment

Property, plant and equipment as of December 31, 2013 and 2012 were as follows:

	<u>December 31,</u>	
	2013	2012
<i>(Dollars in millions)</i>		
Land	\$ 9.1	\$ 7.0
Buildings	30.6	31.7
Machinery and equipment	608.1	543.1
	647.8	581.8
Less accumulated depreciation	450.8	420.7
Net	\$ 197.0	\$ 161.1

Depreciation expense, including impairment charges, for the years ended December 31, 2013, 2012 and 2011 amounted to \$38.3 million, \$25.2 million and \$46.0 million, respectively.

In connection with an acquisition prior to 2012, the Company had not reset gross carrying value and accumulated depreciation to zero for the acquired machinery and equipment and buildings. As a result the gross carrying value and corresponding accumulated depreciation amounts were both overstated by \$78.2 million as of December 31, 2012. There was no impact on net book value for any period. The previously reported gross carrying value and accumulated depreciation amounts as of December 31, 2012 have been adjusted accordingly in the table contained in this note.

Impairments – Impairment charges for 2013, 2012 and 2011 were \$11.9 million, \$0.6 million and \$20.2 million, respectively. In 2013, impairment charges primarily related to the Carbon Material and Chemicals' plants in Uithoorn, the Netherlands for \$6.9 million, Tangshan, China for \$4.0 million (\$2.4 million, net of non-controlling interest) and a coal tar distillation plant in the United States for \$0.7 million. This \$0.7 million impairment charge was due to a change in production operations at the plant in late 2013. These impairment charges were calculated using a probability-weighted discounted cash flow model.

The 2013 impairment of the Company's plant in the Netherlands is due to the intended decision to discontinue coal tar distillation activities at the Uithoorn plant in July 2014. A final determination to discontinue production was made in January

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2014 after consultation with and agreement on a severance plan with the plant's works council and trade union, respectively. The remaining net book value of assets subject to impairment totals \$1.8 million. This amount will be reflected in depreciation expense over the first six months of 2014 on an accelerated basis.

The 2013 impairment of the Company's 60-percent owned plant in Tangshan, China is due to the potential that the plant will be forced to cease production at some point as a result of Chinese government action. 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 by March 15, 2014 in an effort to improve the air quality in the Tangshan area. The Company's 60-percent owned subsidiary, Koppers (China) Carbon & Chemical Company Limited ("KCCC") is located within TISCO's property and relies on its operations for a significant portion of raw material supply, utilities and other shared services. At the same time, the Tangshan Government has requested that KCCC consider the relocation of its operations and offered assistance to KCCC in this regard, although no specific details have been provided to the Company on the extent and nature of such assistance. Closure of the TISCO coke batteries would impact KCCC's ability to operate its coal tar distillation plant on a long-term basis. The Company has entered discussions with its non-controlling partner in KCCC, TISCO, and the Tangshan Government to evaluate its options, which include remaining at the current location and continuing to operate or remaining at its current location on a temporary basis and transitioning to a new location.

The closure or relocation 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 December 31, 2013, the remaining net book value of fixed assets subject to impairment was \$8.1 million. This amount will be reflected in depreciation expense over the next three years 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 would be negatively affected due to its lower ownership interest in these companies.

The charge in 2012 related to a Railroad and Utility Products and Services segment's electricity co-generation plant in the United States. The charge in 2011 related to the Carbon Material and Chemicals segment's carbon black facility in Australia.

Port of Portland – In February 2012, approximately 400 tons of carbon pitch leaked from a storage tank at the Company's terminal facility in Portland, Victoria, Australia. All of the coal tar pitch was contained within the tank farm area and was recovered. Insurance recoveries associated with the leak were a net \$1.2 million for the year ended December 31, 2013. Costs directly associated with the leak were \$2.5 million for the year ended December 31, 2012 and include inventory losses, emergency response expenses, incremental logistics costs, and material clean-up and removal expenses, net of insurance recoveries.

12. Goodwill and Other Identifiable Intangible Assets

The change in the carrying amount of goodwill attributable to each business segment for the years ended December 31, 2013 and December 31, 2012 was as follows:

<i>(Dollars in millions)</i>	<i>Carbon Materials and Chemicals</i>	<i>Railroad and Utility Products and Services</i>	<i>Total</i>
Balance at December 31, 2011	\$ 69.4	\$ 2.7	\$72.1
Acquisitions	0.0	2.6	2.6
Currency translation	0.8	0.1	0.9
Balance at December 31, 2012	\$ 70.2	\$ 5.4	\$75.6
Currency translation	(2.2)	(0.7)	(2.9)
Balance at December 31, 2013	\$ 68.0	\$ 4.7	\$72.7

The Company's identifiable intangible assets with finite lives are being amortized over their estimated useful lives and are summarized below:

	December 31,					
	2013			2012		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
<i>(Dollars in millions)</i>						
Customer contracts	\$ 19.8	\$ 9.7	\$10.1	\$ 20.9	\$ 8.1	\$12.8
Supply contracts	2.9	1.1	1.8	2.8	0.8	2.0
Non-compete agreements	1.6	1.3	0.3	1.7	1.2	0.5
Favorable lease agreements	0.8	0.8	0.0	0.8	0.8	0.0
Total	\$ 25.1	\$ 12.9	\$12.2	\$ 26.2	\$ 10.9	\$15.3

In 2013, the gross carrying value of identifiable intangible assets decreased by \$1.1 million due to foreign currency translation. The customer contracts have estimated useful lives of 10 to 15 years, the supply contracts have estimated useful lives of 10 years, the non-compete agreements have estimated useful lives of 3 to 12 years and the favorable lease agreements have estimated useful lives of 3 years. Total amortization expense related to these identifiable intangible assets was \$2.1 million, \$1.9 million and \$1.5 million for the years ended December 31, 2013, 2012 and 2011, respectively. The weighted-average period for which identifiable intangible assets will be amortized is approximately 10.1 years. Estimated amortization expense for the next five years is summarized below:

<i>(Dollars in millions)</i>	<i>Estimated annual amortization</i>
2014	\$ 1.8
2015	1.8
2016	1.3
2017	1.1
2018	1.1

13. Debt

Debt at December 31, 2013 and December 31, 2012 was as follows:

	Weighted Average Interest Rate	Maturity	December 31,	
			2013	2012
			<i>(Dollars in millions, except interest rates)</i>	
Revolving credit facility	0.00%	2018	\$ 0.0	\$ 0.0
Construction loans	6.24%	2018	6.6	0.0
Senior Notes	7 7/8%	2019	296.5	296.1
Total debt			303.1	296.1
Less short-term debt and current maturities of long-term debt			0.0	0.0
Long-term debt (excluding current portion)			\$ 303.1	\$ 296.1

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

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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 \$1.0 million in 2013, \$1.0 million in 2012 and \$1.1 million in 2011 and are charged to interest expense.

As of December 31, 2013, the Company had \$331.0 million of unused revolving credit availability for working capital purposes after restrictions from certain letter of credit commitments and other covenants. As of December 31, 2013, \$19.0 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 ³/₈ 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.

Debt Maturities and Deferred Financing Costs

At December 31, 2013 the aggregate debt maturities for the next five years are as follows:

<i>(Dollars in millions)</i>	
2014	\$ 0.0
2015	0.0
2016	1.0
2017	2.3
2018	3.3
Thereafter	300.0
Total maturities	306.6
Future accretion on Senior Notes	(3.5)
Total debt	\$ 303.1

Unamortized deferred financing costs (net of accumulated amortization of \$5.9 million and \$4.6 million at December 31, 2013 and 2012, respectively) were \$7.2 million and \$7.2 million at December 31, 2013 and 2012, respectively, and are included in other assets.

14. Leases

Future minimum commitments for operating leases having non-cancelable lease terms in excess of one year are as follows:

<i>(Dollars in millions)</i>	
2014	\$ 37.0
2015	21.2
2016	16.4
2017	14.0
2018	12.3
Thereafter	30.0
Total	\$ 130.9

Operating lease expense for 2013, 2012 and 2011 was \$39.4 million, \$44.3 million and \$43.8 million, respectively.

15. Pensions and Post-retirement 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.

Expense related to defined contribution plans totaled \$5.3 million, \$4.7 million and \$4.8 million for the years ended December 31, 2013, 2012 and 2011, respectively. Expense related to contributions to multi-employer pension plans totaled \$0.4 million, \$0.4 million and \$0.7 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Net periodic pension costs for 2013, 2012 and 2011 were as follows:

<i>(Dollars in millions)</i>	<i>Pension Benefits</i>			<i>December 31, Other Benefits</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>
Components of net periodic benefit cost:						
Service cost	\$ 3.4	\$ 3.5	\$ 3.3	\$ 0.1	\$ 0.1	\$ 0.2
Interest cost	10.7	10.7	11.1	0.5	0.5	0.6
Expected return on plan assets	(12.5)	(10.7)	(11.0)	0.0	0.0	0.0
Amortization of prior service cost	0.1	0.1	0.1	0.0	0.0	(0.1)
Amortization of net loss	7.6	8.1	6.3	(0.1)	0.0	0.0
Amortization of transition asset	0.0	(0.3)	(0.3)	0.0	0.0	0.0
Settlements and curtailments	0.1	0.3	0.2	0.0	0.0	0.0
Net periodic benefit cost	\$ 9.4	\$ 11.7	\$ 9.7	\$ 0.5	\$ 0.6	\$ 0.7

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Net periodic pension (credit) cost that is expected to be recognized from the amortization of prior service cost and net loss is estimated to total \$(0.2) million and \$3.8 million, respectively, for all plans in 2014.

The change in the funded status of the pension and postretirement plans as of December 31, 2013 and December 31, 2012 is as follows:

	Pension Benefits		December 31 Other Benefits	
	2013	2012	2013	2012
<i>(Dollars in millions)</i>				
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 255.2	\$ 239.5	\$ 11.2	\$ 12.5
Service cost	3.4	3.5	0.1	0.1
Interest cost	10.7	10.7	0.5	0.5
Plan participants' contributions	0.2	0.2	0.0	0.0
Actuarial (gains) losses	(18.6)	10.3	(1.3)	(1.8)
Plan amendments	(1.5)	0.0	0.0	0.0
Settlements	(0.9)	(1.4)	0.0	0.0
Currency translation	0.2	2.4	0.0	0.0
Benefits paid	(10.9)	(10.0)	(0.1)	(0.1)
Benefit obligation at end of year	237.8	255.2	10.4	11.2
Change in plan assets:				
Fair value of plan assets at beginning of year	175.6	146.6	0.0	0.0
Actual return on plan assets	19.2	15.7	0.0	0.0
Employer contribution	22.5	22.4	0.1	0.1
Plan participants' contributions	0.2	0.2	0.0	0.0
Settlements	(0.9)	(1.4)	0.0	0.0
Currency translation	0.0	2.1	0.0	0.0
Benefits paid	(10.9)	(10.0)	(0.1)	(0.1)
Fair value of plan assets at end of year	205.7	175.6	0.0	0.0
Funded status of the plan	\$ (32.1)	\$ (79.6)	\$ (10.4)	\$ (11.2)
Amounts recognized in the balance sheet consist of:				
Noncurrent assets	\$ 0.6	\$ 0.2	\$ 0.0	\$ 0.0
Current liabilities	0.7	0.4	0.8	0.7
Noncurrent liabilities	32.0	79.4	9.6	10.5
Pension plans with benefit obligations in excess of plan assets:				
Benefit obligation	\$ 231.9	\$ 247.5		
Fair value of plan assets	199.2	167.6		
Pension plans with accumulated benefit obligations in excess of plan assets:				
Accumulated benefit obligation	\$ 225.0	\$ 229.0		
Fair value of plan assets	199.2	167.6		

The measurement date for all pension and postretirement assets and obligations is December 31 for each respective year.

The accumulated benefit obligation for all defined benefit pension plans as of December 31, 2013 and 2012 was \$230.6 million and \$235.9 million, respectively.

Expected Contributions for the 2014 Fiscal Year

The expected contributions by the Company for 2014 are estimated to be \$22.8 million for pension plans and \$0.8 million for other benefit plans.

Projected Benefit Payments

Benefit payments for pension benefits, which are primarily funded by the pension plan assets, and other benefits, which are funded by general corporate assets and reflecting future expected service as appropriate, are expected to be paid as follows:

<i>(Dollars in millions)</i>	<i>Pension Benefits</i>		<i>Other Benefits</i>	
2014	\$	11.2	\$	0.8
2015		11.7		0.8
2016		12.6		0.8
2017		13.5		0.9
2018		14.5		0.9
2019 – 2023		74.5		4.0

Weighted-Average Assumptions as of December 31

	<i>December 31</i>			
	<i>Pension Benefits</i>		<i>Other Benefits</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
Discount rate	5.06%	4.33%	5.25%	4.37%
Expected return on plan assets	7.04	7.25		
Rate of compensation increase	3.13	3.10		
Initial medical trend rate			7.15	7.35

Basis for the Selection of the Long-Term Rate of Return on Assets

The long-term rate of return on assets assumption was determined by using the plan's asset allocation as described in the plan's investment policy and modeling a distribution of compound average returns over a time horizon. The model uses asset class return, variance, and correlation assumptions to produce the expected return. The return assumptions used forward looking gross returns influenced by the current bond yields, corporate bond spreads and equity risk premiums based on current market conditions.

In general, the long-term rate of return is the sum of the portion of total assets in each asset class multiplied by the expected return for that class, adjusted for expected expenses to be paid from the assets. To develop the expected long-term rate of return on assets assumption, the Company considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio.

Investment Strategy

The weighted average asset allocation for the Company's pension plans at December 31 by asset category is as follows:

	<i>December 31</i>	
	<i>2013</i>	<i>2012</i>
Equity securities	38%	61%
Debt securities	59	35
Other	3	4
	100%	100%

The Company's investment strategy for its pension plans is to maintain an adequate level of diversification, to reduce interest rate and market risk and to provide adequate liquidity to meet immediate and future benefit payment requirements. The Company's overall investment strategy is to achieve a mix of growth seeking assets, principally U.S. and international public company equity securities and income generating assets, principally debt securities, real estate and cash. Currently, the Company targets an allocation of 30 percent to 40 percent growth seeking assets and 60 percent to 70 percent income generating assets on an overall basis. The Company utilizes investment managers to assist in identifying and monitoring investments that meet these allocation criteria. With respect to the largest pension plan, the Company has implemented a

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strategy of reallocating pension assets from growth seeking assets to income generating assets as certain funded status levels are reached.

The investment valuation policy of the Company is to value investments at fair value. Most of the assets are invested in pooled or commingled investment vehicles. The Company's interest in these investment vehicles is expressed as a unit of account with a value per unit that is the result of the accumulated values of the underlying investments. Equity securities held within these investment vehicles are typically priced on a daily basis using the closing market price from the exchange the security is traded. Debt securities held within these investment vehicles are typically priced on a daily basis by independent pricing services. The fair value of real estate investments are either priced through a listing on an exchange or are subject to periodic appraisals.

The pension assets are all substantially held in pooled or commingled investment vehicles. The following table sets forth by level, the Company's pension plan assets at fair value, within the fair value hierarchy, as of December 31, 2013 and December 31, 2012:

	<i>As of December 31, 2013</i>			
	<i>Quoted prices in active markets for identical assets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>	<i>Total</i>
<i>(Dollars in millions)</i>				
U.S. equity securities	\$ 17.8	\$ 15.9	\$ 0.0	\$ 33.7
International equity securities	0.0	44.3	0.0	44.3
U.S. debt securities	24.8	64.7	0.0	89.5
International debt securities	7.4	24.9	0.0	32.3
Real estate and other investments	0.0	1.5	0.0	1.5
Cash and cash equivalents	0.0	4.4	0.0	4.4
	\$ 50.0	\$ 155.7	\$ 0.0	\$205.7

	<i>As of December 31, 2012</i>			
	<i>Quoted prices in active markets for identical assets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>	<i>Total</i>
<i>(Dollars in millions)</i>				
U.S. equity securities	\$ 0.0	\$ 80.0	\$ 0.0	\$ 80.0
International equity securities	0.0	27.2	0.0	27.2
U.S. debt securities	0.0	36.4	0.0	36.4
International debt securities	0.0	24.5	0.0	24.5
Real estate and other investments	0.0	1.7	0.0	1.7
Cash and cash equivalents	0.0	5.8	0.0	5.8
	\$ 0.0	\$ 175.6	\$ 0.0	\$175.6

Health Care Cost Trend Rates

The 2013 initial health care cost trend rate is assumed to be 7.35 percent and is assumed to decrease gradually to 4.5 percent in 2027 and remain at that level thereafter. The assumed health care cost trend rate has a significant effect on the amounts reported for other postretirement benefit liability. A one-percentage-point change in the assumed health care cost trend rate would have the following effects:

<i>(Dollars in millions)</i>	<i>1% Increase</i>	<i>1% Decrease</i>
Increase (decrease) from change in health care cost trend rates:		
Postretirement benefit expense	\$ 0.0	\$ 0.0
Postretirement benefit liability	0.2	(0.2)

Incentive Plan

The Company has short-term management incentive plans that pay cash bonuses if certain Company performance and individual goals are met. The charge to operating expense for these plans was \$2.3 million in 2013, \$5.2 million in 2012 and \$5.6 million in 2011.

16. Common Stock and Senior Convertible Preferred Stock

Changes in senior convertible preferred stock, common stock and treasury stock for the three years ended December 31, 2013 are as follows:

	<u>Year Ended December 31,</u>		
	2013	2012	2011
<i>(Shares in thousands)</i>			
Senior Convertible Preferred Stock:			
Balance at beginning and end of year	0	0	0
Common Stock:			
Balance at beginning of year	21,585	21,309	21,278
Issued for employee stock plans	137	276	31
Balance at end of year	21,722	21,585	21,309
Treasury Stock:			
Balance at beginning of year	(951)	(706)	(700)
Shares repurchased	(439)	(245)	(6)
Balance at end of year	(1,390)	(951)	(706)

17. Fair Value of Financial Instruments

Carrying amounts and the related estimated fair values of the Company's financial instruments as of December 31, 2013 and 2012 are as follows:

	<u>December 31, 2013</u>		<u>December 31, 2012</u>	
	<i>Fair Value</i>	<i>Carrying Value</i>	<i>Fair Value</i>	<i>Carrying Value</i>
<i>(Dollars in millions)</i>				
Financial assets:				
Cash and cash equivalents	\$ 82.2	\$ 82.2	\$ 66.7	\$ 66.7
Investments and other assets ^(a)	1.4	1.4	1.4	1.4
Financial liabilities:				
Long-term debt (including current portion)	\$ 331.2	\$ 303.1	\$ 331.1	\$ 296.1

(a) Excludes equity method investments.

Cash – 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 life insurance policies. The cash surrender value asset is classified as Level 2 in the valuation hierarchy and is measured from values received from the insuring entity.

Long-term 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).

18. 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

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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.

Legal Proceedings

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 December 31, 2013 as compared to 136 plaintiffs in 75 cases pending as of December 31, 2012. 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. On May 31, 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. on September 9, 2013 on the ground that there was no personal jurisdiction. Plaintiffs' appeal of the dismissal of Koppers Holdings Inc. was dismissed on December 2, 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 tentatively been scheduled for June 2014.

Koppers Netherlands has not received detailed information used by the unaffiliated plant to determine this alleged loss, and, as a result, Koppers Netherlands is unable to determine the validity of the actual loss incurred. 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

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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 operates 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 December 31, 2013, 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 \$4.1 million and has recorded a receivable, net of cash collections, from the owner of the adjacent property of \$2.7 million as of December 31, 2013.

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 \$5.6 million as of December 31, 2013.

Environmental Reserves Rollforward. The following table reflects changes in the accrued liability for environmental matters, of which \$8.2 million and \$8.5 million are classified as current liabilities at December 31, 2013 and 2012, respectively:

	<u>Year Ended December 31,</u>	
	2013	2012
<i>(Dollars in millions)</i>		
Balance at beginning of year	\$14.1	\$17.7
Expense	1.8	1.0
Reversal of reserves	(1.2)	(0.4)
Cash expenditures	(0.9)	(4.6)
Currency translation	(1.9)	0.4
Balance at end of year	\$11.9	\$14.1

The reversal of reserves includes a reversal of \$1.1 million due to the sale of a property to an unaffiliated third party in September 2013. The unaffiliated third party assumed the site's remediation liabilities.

19. Related Party Transactions

As of December 31, 2013, the Company has loaned \$9.5 million to TKK, a 30-percent owned company in China. The loan is repayable in November 2014.

20. Subsequent Event

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 expects to ramp 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.

The Company recorded a fixed and intangible asset impairment charge of \$7.0 million in the fourth quarter of 2013 and it expects to record additional charges of approximately \$25 million in 2014 related to severance, accelerated depreciation, disentanglement costs, demolition, and site remediation.

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21. Selected Quarterly Financial Data (Unaudited)

The following is a summary of the quarterly results of operations for the years ended December 31, 2013 and 2012:

	Year Ended December 31, 2013				
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Fiscal Year
<i>(Dollars in millions, except per share amounts)</i>					
Statement of operations data:					
Net sales	\$ 370.4	\$ 370.9	\$ 395.2	\$ 341.8	\$ 1,478.3
Operating profit ^(a)	24.9	28.5	39.1	7.8	100.3
Income from continuing operations	11.4	14.8	19.6	(5.6)	40.2
Net income (loss)	11.5	14.7	19.5	(5.6)	40.1
Net income (loss) attributable to Koppers	11.0	14.4	19.1	(4.1)	40.4
Common stock data:					
Earnings (loss) per common share attributable to Koppers common shareholders: ^(b)					
Basic –					
Continuing operations	\$ 0.53	\$ 0.70	\$ 0.93	\$ (0.20)	\$ 1.96
Discontinued operations ^(c)	0.00	(0.01)	0.00	0.00	0.00
Earnings per basic common share	\$ 0.53	\$ 0.69	\$ 0.93	\$ (0.20)	\$ 1.96
Diluted –					
Continuing operations	\$ 0.53	\$ 0.70	\$ 0.92	\$ (0.20)	\$ 1.94
Discontinued operations ^(c)	0.00	(0.01)	0.00	0.00	0.00
Earnings per diluted common share	\$ 0.53	\$ 0.69	\$ 0.92	\$ (0.20)	\$ 1.94
Dividends declared per common share	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 1.00
Price range of common stock:					
High	\$ 45.72	\$ 46.48	\$ 42.09	\$ 49.99	\$ 49.99
Low	38.70	37.45	34.69	41.61	34.69

	Year Ended December 31, 2012				
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Fiscal Year
<i>(Dollars in millions, except per share amounts)</i>					
Statement of operations data:					
Net sales	\$ 380.9	\$ 411.3	\$ 387.9	\$ 374.9	\$ 1,555.0
Operating profit	29.2	40.7	30.8	25.9	126.6
Income from continuing operations	15.8	21.1	16.2	14.2	67.3
Net income	15.9	20.9	16.2	14.2	67.2
Net income attributable to Koppers	15.6	20.4	16.0	13.6	65.6
Common stock data:					
Earnings (loss) per common share attributable to Koppers common shareholders: ^(b)					
Basic –					
Continuing operations	\$ 0.74	\$ 1.00	\$ 0.77	\$ 0.66	\$ 3.18
Discontinued operations ^(c)	0.01	(0.01)	0.00	0.00	(0.01)
Earnings per basic common share	\$ 0.75	\$ 0.99	\$ 0.77	\$ 0.66	\$ 3.17
Diluted –					
Continuing operations	\$ 0.74	\$ 0.99	\$ 0.77	\$ 0.65	\$ 3.14
Discontinued operations ^(c)	0.01	(0.01)	0.00	0.00	(0.01)
Earnings per diluted common share	\$ 0.75	\$ 0.98	\$ 0.77	\$ 0.65	\$ 3.13
Dividends declared per common share	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.96
Price range of common stock:					
High	\$ 40.61	\$ 40.37	\$ 37.82	\$ 38.83	\$ 40.61
Low	32.15	31.17	29.30	30.99	29.30

- (a) In the fourth quarter of 2013, the Company recorded asset impairment charges totaling \$11.9 million primarily consisting of writedowns related to the Company's coal tar distillation facilities located in Uithoorn, the Netherlands; Tangshan, China; and Follansbee, West Virginia.
- (b) The cumulative sum of quarterly basic and diluted net income per share amounts may not equal total basic and diluted net income per share amounts for the year due to differences in weighted average and equivalent shares outstanding for each of the periods presented.
- (c) In the fourth quarter of 2011, the Company ceased manufacturing operations at its carbon black facility located in Kurnell, Australia. The results of operations of the carbon black facility have been reclassified to discontinued operations for all periods presented as run-off activities were completed in the first quarter of 2012.

22. 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 \$147 million as of December 31, 2013. Cash dividends paid to Koppers Holdings Inc. by its subsidiaries totaled \$38.5 million, \$27.6 million and \$2.5 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Separate condensed consolidating financial statement information for Koppers Holdings Inc. (the parent), Koppers Inc., domestic guarantor subsidiaries and non-guarantor subsidiaries as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011 is as follows. The condensed consolidating statements of comprehensive income for the years ended December 31, 2012 and 2011 and the condensed consolidating balance sheet at December 31, 2012 have been restated to revise the presentation of net income and related investments in subsidiaries under the equity method of accounting, the allocation of deferred tax assets, and the presentation of intercompany lending arrangements. This restatement changed the previously reported amounts for equity income, other income, interest expense, net income attributable to Koppers, comprehensive income attributable to Koppers, receivables, equity investments, deferred tax assets, debt, total assets, Koppers shareholders' equity, total liabilities and equity 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 statements of cash flows for the years ended December 31, 2012 and 2011 have 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 except for rounding differences. There was no impact on the net increase or decrease in cash for any column.

Certain amounts for receivables, accounts payable, other noncurrent assets and long-term debt have been reclassified in the Condensed Consolidating Balance Sheet as of December 31, 2012 to reflect affiliated receivables, payables, loans and debt.

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Condensed Consolidating Statement of Comprehensive Income
For the Year Ended December 31, 2013

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>						
Net sales	\$ 0.0	\$ 843.7	\$ 61.8	\$ 622.2	\$ (49.4)	\$ 1,478.3
Cost of sales including depreciation and amortization	0.0	745.4	43.5	566.9	(49.5)	1,306.3
Selling, general and administrative	1.9	41.5	0.7	27.6	0.0	71.7
Operating profit (loss)	(1.9)	56.8	17.6	27.7	0.1	100.3
Other income (expense)	0.0	1.3	4.2	2.1	(4.1)	3.5
Equity income of subsidiaries	41.7	17.5	11.4	0.0	(70.6)	0.0
Interest expense	0.0	26.7	0.0	4.2	(4.1)	26.8
Income taxes	(0.6)	7.3	16.4	13.7	0.0	36.8
Income from continuing operations	40.4	41.6	16.8	11.9	(70.5)	40.2
Discontinued operations	0.0	0.1	0.0	(0.2)	0.0	(0.1)
Noncontrolling interests	0.0	0.0	0.0	(0.3)	0.0	(0.3)
Net income attributable to Koppers	\$ 40.4	\$ 41.7	\$ 16.8	\$ 12.0	\$ (70.5)	\$ 40.4
Comprehensive income attributable to Koppers	\$ 52.3	\$ 53.5	\$ 8.4	\$ 13.8	\$ (75.7)	\$ 52.3

Condensed Consolidating Statement of Comprehensive Income
For the Year Ended December 31, 2012

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>						
Net sales	\$ 0.0	\$ 893.2	\$ 97.5	\$ 638.4	\$ (74.1)	\$ 1,555.0
Cost of sales including depreciation and amortization	0.0	786.6	78.0	562.0	(73.8)	1,352.8
Selling, general and administrative	1.6	45.1	2.1	26.8	0.0	75.6
Operating profit (loss)	(1.6)	61.5	17.4	49.6	(0.3)	126.6
Other income (expense)	0.0	0.4	6.1	0.6	(5.2)	1.9
Equity income of subsidiaries	66.6	40.8	28.8	0.1	(136.3)	0.0
Interest expense	0.0	27.4	0.0	5.8	(5.3)	27.9
Income taxes	(0.6)	8.7	12.5	12.7	0.0	33.3
Income from continuing operations	65.6	66.6	39.8	31.8	(136.5)	67.3
Discontinued operations	0.0	0.0	0.0	(0.1)	0.0	(0.1)
Noncontrolling interests	0.0	0.0	0.0	1.6	0.0	1.6
Net income attributable to Koppers	\$ 65.6	\$ 66.6	\$ 39.8	\$ 30.1	\$ (136.5)	\$ 65.6
Comprehensive income attributable to Koppers	\$ 73.7	\$ 74.8	\$ 44.0	\$ 32.4	\$ (151.2)	\$ 73.7

Condensed Consolidating Statement of Comprehensive Income
For the Year Ended December 31, 2011

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>						
Net sales	\$ 0.0	\$ 854.1	\$ 72.6	\$ 585.2	\$ (45.7)	\$ 1,466.2
Cost of sales including depreciation and amortization	0.0	762.9	55.0	497.0	(45.7)	1,269.2
Selling, general and administrative	1.2	41.6	1.8	29.7	0.0	74.3
Operating profit (loss)	(1.2)	49.6	15.8	58.5	0.0	122.7
Other income (expense)	0.0	0.3	5.5	0.4	(5.5)	0.7
Equity income of subsidiaries	37.7	22.9	1.3	0.0	(61.9)	0.0
Interest expense	0.0	27.4	0.1	5.2	(5.5)	27.2
Income taxes	(0.4)	7.7	0.8	30.6	0.0	38.7
Income from continuing operations	36.9	37.7	21.7	23.1	(61.9)	57.5
Discontinued operations	0.0	0.0	0.0	(19.9)	0.0	(19.9)
Noncontrolling interests	0.0	0.0	0.0	0.7	0.0	0.7
Net income attributable to Koppers	\$ 36.9	\$ 37.7	\$ 21.7	\$ 2.5	\$ (61.9)	\$ 36.9
Comprehensive income attributable to Koppers	\$ 18.9	\$ 19.7	\$ 17.3	\$ (1.4)	\$ (35.6)	\$ 18.9

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

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Condensed Consolidating Balance Sheet
December 31, 2012

<i>(Dollars in millions)</i>	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS						
Cash and cash equivalents	\$ 0.0	\$ 4.8	\$ 0.0	\$ 61.9	\$ 0.0	\$ 66.7
Receivables, net	0.0	80.2	6.3	77.8	0.0	164.3
Affiliated receivables	0.7	0.0	119.0	9.0	(128.7)	0.0
Inventories, net	0.0	102.2	0.0	93.9	(0.3)	195.8
Deferred tax assets	0.0	9.4	5.5	0.2	0.0	15.1
Other current assets	0.0	6.4	2.8	30.1	0.0	39.3
Total current assets	0.7	203.0	133.6	272.9	(129.0)	481.2
Equity investments	154.9	648.3	183.8	3.8	(985.0)	5.8
Property, plant and equipment, net	0.0	105.7	0.0	55.4	0.0	161.1
Goodwill	0.0	39.8	0.0	35.8	0.0	75.6
Deferred tax assets	0.0	14.9	2.1	10.2	0.0	27.2
Affiliated loan receivables	0.0	7.7	326.3	39.3	(373.3)	0.0
Other noncurrent assets	0.0	15.7	0.0	13.4	0.0	29.1
Total assets	\$ 155.6	\$ 1,035.1	\$ 645.8	\$ 430.8	\$ (1,487.3)	\$ 780.0
LIABILITIES AND EQUITY						
Accounts payable	\$ 0.1	\$ 51.4	\$ 1.7	\$ 50.3	\$ 0.0	\$ 103.5
Affiliated payables	0.0	120.8	7.6	6.4	(134.8)	0.0
Accrued liabilities	4.9	15.9	12.2	44.7	0.0	77.7
Total current liabilities	5.0	188.1	21.5	101.4	(134.8)	181.2
Long-term debt	0.0	296.1	0.0	0.0	0.0	296.1
Affiliated debt	0.0	301.0	7.7	64.6	(373.3)	0.0
Other long-term liabilities	0.0	101.2	2.4	31.0	0.0	134.6
Total liabilities	5.0	886.4	31.6	197.0	(508.1)	611.9
Koppers shareholders' equity	150.6	148.7	614.2	216.3	(979.2)	150.6
Noncontrolling interests	0.0	0.0	0.0	17.5	0.0	17.5
Total liabilities and equity	\$ 155.6	\$ 1,035.1	\$ 645.8	\$ 430.8	\$ (1,487.3)	\$ 780.0

Condensed Consolidating Statement of Cash Flows
For the Year Ended December 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	\$ 37.8	\$ 278.7	\$ 130.1	\$ 47.6	\$ (376.6)	\$ 117.6
Cash provided by (used in) investing activities:						
Capital expenditures and acquisitions	0.0	(23.3)	0.0	(51.9)	0.0	(75.2)
(Loans to) repayments from affiliates	0.0	(0.8)	193.2	(1.7)	(190.7)	0.0
Net cash proceeds (payments) from divestitures and asset sales	0.0	1.3	0.0	1.6	0.0	2.9
Net cash used in investing activities	0.0	(22.8)	193.2	(52.0)	(190.7)	(72.3)
Cash provided by (used in) financing activities:						
Borrowings (repayments) of long-term debt	0.0	0.0	0.0	6.6	0.0	6.6
Borrowings of affiliated long-term debt	0.0	(191.5)	0.8	0.0	190.7	0.0
Deferred financing costs	0.0	(1.3)	0.0	0.0	0.0	(1.3)
Dividends paid	(20.5)	(38.5)	(324.0)	(14.7)	376.6	(21.1)
Stock issued and repurchased	(17.3)	0.0	0.0	0.0	0.0	(17.3)
Other financing receipts	0.0	0.5	0.0	2.3	0.0	2.8
Net cash provided by (used in) financing activities	(37.8)	(230.8)	(323.2)	(5.8)	567.3	(30.3)
Effect of exchange rates on cash	0.0	0.0	0.0	0.5	0.0	0.5
Net increase in cash and cash equivalents	0.0	25.1	0.1	(9.7)	0.0	15.5
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	\$ 29.9	\$ 0.1	\$ 52.2	\$ 0.0	\$ 82.2

Condensed Consolidating Statement of Cash Flows
For the Year Ended December 31, 2012

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>						
Cash provided by (used in) operating activities	\$ 26.1	\$ 44.6	\$ 8.7	\$ 30.9	\$ (32.5)	\$ 77.8
Cash provided by (used in) investing activities:						
Capital expenditures and acquisitions	0.0	(21.3)	0.0	(21.6)	0.0	(42.9)
Loan repayment by related party	0.0	0.0	0.0	2.2	0.0	2.2
(Loans to) repayments from affiliates	0.0	0.3	(8.4)	(2.7)	10.8	0.0
Net cash proceeds (payments) from divestitures and asset sales	0.0	0.4	0.0	0.4	0.0	0.8
Net cash used in investing activities	0.0	(20.6)	(8.4)	(21.7)	10.8	(39.9)
Cash provided by (used in) financing activities:						
Repayments of long-term debt	0.0	(6.4)	0.0	0.0	0.0	(6.4)
Borrowings of affiliated long-term debt	0.0	13.3	(0.3)	(2.2)	(10.8)	0.0
Deferred financing costs	0.0	(0.1)	0.0	0.0	0.0	(0.1)
Dividends paid	(19.5)	(27.6)	0.0	(4.9)	32.5	(19.5)
Stock issued and repurchased	(6.6)	0.0	0.0	0.0	0.0	(6.6)
Other financing receipts	0.0	1.6	0.0	3.7	0.0	5.3
Net cash provided by (used in) financing activities	(26.1)	(19.2)	(0.3)	(3.4)	21.7	(27.3)
Effect of exchange rates on cash	0.0	0.0	0.0	2.0	0.0	2.0
Net increase in cash and cash equivalents	0.0	4.8	0.0	7.8	0.0	12.6
Cash and cash equivalents at beginning of year	0.0	0.0	0.0	54.1	0.0	54.1
Cash and cash equivalents at end of period	\$ 0.0	\$ 4.8	\$ 0.0	\$ 61.9	\$ 0.0	\$ 66.7

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Condensed Consolidating Statement of Cash Flows
For the Year Ended December 31, 2011

<i>(Dollars in millions)</i>	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Cash provided by (used in) operating activities	\$18.2	\$ 30.0	\$ (15.5)	\$ 54.8	\$ (10.6)	\$ 76.9
Cash provided by (used in) investing activities:						
Capital expenditures and acquisitions	0.0	(24.5)	0.0	(9.3)	0.0	(33.8)
Loan to related party	0.0	0.0	0.0	(11.7)	0.0	(11.7)
(Loans to) repayments from affiliates	0.0	1.2	16.7	(0.3)	(17.6)	0.0
Net cash proceeds from divestitures and asset sales	0.0	0.7	0.0	0.1	0.0	0.8
Net cash used in investing activities	0.0	(22.6)	16.7	(21.2)	(17.6)	(44.7)
Cash provided by (used in) financing activities:						
Borrowings (repayments) of long-term debt	0.0	6.3	0.0	(0.9)	0.0	5.4
Borrowings of affiliated long-term debt	0.0	(19.2)	(1.2)	2.8	17.6	0.0
Deferred financing costs	0.0	(0.5)	0.0	0.0	0.0	(0.5)
Dividends paid	(18.2)	(2.5)	0.0	(8.1)	10.6	(18.2)
Net cash provided by (used in) financing activities	(18.2)	(15.9)	(1.2)	(6.2)	28.2	(13.3)
Effect of exchange rates on cash	0.0	0.1	0.0	(0.2)	0.0	(0.1)
Net increase (decrease) in cash and cash equivalents	0.0	(8.4)	0.0	27.2	0.0	18.8
Cash and cash equivalents at beginning of year	0.0	8.4	0.0	26.9	0.0	35.3
Cash and cash equivalents at end of period	\$ 0.0	\$ 0.0	\$ 0.0	\$ 54.1	\$ 0.0	\$ 54.1

23. 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 \$147 million as of December 31, 2013. Cash dividends paid to Koppers Holdings Inc. by its subsidiaries totaled \$38.5 million, \$27.6 million and \$2.5 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Separate condensed consolidating financial statement information for the parent, Koppers Inc., domestic guarantor subsidiaries, foreign guarantor subsidiaries and non-guarantor subsidiaries as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011 is as follows. The condensed consolidating statements of comprehensive income for the years ended December 31, 2012 and 2011 and the condensed consolidating balance sheet at December 31, 2012 have been restated to revise the presentation of net income and related investments in subsidiaries under the equity method of accounting, the allocation of deferred tax assets, and the presentation of intercompany lending arrangements. This restatement changed the previously reported amounts for equity income, other income, interest expense, net income attributable to Koppers, comprehensive income attributable to Koppers, receivables, equity investments, deferred tax assets, debt, total assets, Koppers shareholders' equity, total liabilities and equity 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 statements of cash flows for the years ended December 31, 2012 and 2011 have 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 except for rounding differences. There was no impact on the net increase or decrease in cash for any column.

Certain amounts for receivables, accounts payable, other noncurrent assets and long-term debt have been reclassified in the Condensed Consolidating Balance Sheet as of December 31, 2012 to reflect affiliated receivables, payables loans and debt.

Condensed Consolidating Statement of Comprehensive Income
For the Year Ended December 31, 2013

<i>(Dollars in millions)</i>	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Foreign Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net sales	\$ 0.0	\$ 843.7	\$ 61.8	\$ 462.7	\$ 162.1	\$ (52.0)	\$ 1,478.3
Cost of sales including depreciation and amortization	0.0	745.4	43.5	413.3	156.2	(52.1)	1,306.3
Selling, general and administrative	1.9	41.5	0.7	22.1	5.5	0.0	71.7
Operating profit (loss)	(1.9)	56.8	17.6	27.3	0.4	0.1	100.3
Other income (expense)	0.0	1.3	4.2	0.9	1.2	(4.1)	3.5
Equity income (loss) of subsidiaries	41.7	17.5	11.4	(1.3)	0.0	(69.3)	0.0
Interest expense	0.0	26.7	0.0	3.2	1.0	(4.1)	26.8
Income taxes	(0.6)	7.3	16.4	12.2	1.5	0.0	36.8
Income from continuing operations	40.4	41.6	16.8	11.5	(0.9)	(69.2)	40.2
Discontinued operations	0.0	0.1	0.0	(0.2)	0.0	0.0	(0.1)
Noncontrolling interests	0.0	0.0	0.0	0.0	(0.3)	0.0	(0.3)
Net income attributable to Koppers	\$40.4	\$ 41.7	\$ 16.8	\$ 11.3	\$ (0.6)	\$ (69.2)	\$ 40.4
Comprehensive income attributable to Koppers	\$52.3	\$ 53.5	\$ 8.4	\$ 10.1	\$ 0.4	\$ (72.4)	\$ 52.3

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Condensed Consolidating Statement of Comprehensive Income
For the Year Ended December 31, 2012

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Foreign Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>							
Net sales	\$ 0.0	\$ 893.2	\$ 97.5	\$ 480.0	\$ 158.6	\$ (74.3)	\$ 1,555.0
Cost of sales including depreciation and amortization	0.0	786.6	78.0	414.6	147.6	(74.0)	1,352.8
Selling, general and administrative	1.6	45.1	2.1	23.4	3.4	0.0	75.6
Operating profit (loss)	(1.6)	61.5	17.4	42.0	7.6	(0.3)	126.6
Other income (expense)	0.0	0.4	6.1	0.2	0.4	(5.2)	1.9
Equity income of subsidiaries	66.6	40.8	28.8	1.4	0.0	(137.6)	0.0
Interest expense	0.0	27.4	0.0	4.2	1.5	(5.2)	27.9
Income taxes	(0.6)	8.7	12.5	10.5	2.2	0.0	33.3
Income from continuing operations	65.6	66.6	39.8	28.9	4.3	(137.9)	67.3
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	1.6	0.0	1.6
Net income attributable to Koppers	\$ 65.6	\$ 66.6	\$ 39.8	\$ 28.8	\$ 2.7	\$ (137.9)	\$ 65.6
Comprehensive income attributable to Koppers	\$ 73.7	\$ 74.8	\$ 44.0	\$ 31.5	\$ 2.8	\$ (153.1)	\$ 73.7

Condensed Consolidating Statement of Comprehensive Income
For the Year Ended December 31, 2011

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Foreign Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>							
Net sales	\$ 0.0	\$ 854.1	\$ 72.6	\$ 443.6	\$ 147.0	\$ (51.1)	\$ 1,466.2
Cost of sales including depreciation and amortization	0.0	762.9	55.0	364.2	138.2	(51.1)	1,269.2
Selling, general and administrative	1.2	41.6	1.8	26.2	3.5	0.0	74.3
Operating profit (loss)	(1.2)	49.6	15.8	53.2	5.3	0.0	122.7
Other income (expense)	0.0	0.3	5.5	0.1	0.3	(5.5)	0.7
Equity income of subsidiaries	37.7	22.9	1.3	1.4	0.0	(63.3)	0.0
Interest expense	0.0	27.4	0.1	4.8	0.5	(5.6)	27.2
Income taxes	(0.4)	7.7	0.8	28.7	1.9	0.0	38.7
Income from continuing operations	36.9	37.7	21.7	21.2	3.2	(63.2)	57.5
Discontinued operations	0.0	0.0	0.0	(19.9)	0.0	0.0	(19.9)
Noncontrolling interests	0.0	0.0	0.0	0.0	0.7	0.0	0.7
Net income attributable to Koppers	\$ 36.9	\$ 37.7	\$ 21.7	\$ 1.3	\$ 2.5	\$ (63.2)	\$ 36.9
Comprehensive income attributable to Koppers	\$ 18.9	\$ 19.7	\$ 17.3	\$ (3.7)	\$ 3.5	\$ (36.8)	\$ 18.9

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

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Condensed Consolidating Balance Sheet
December 31, 2012

	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	\$ 4.8	\$ 0.0	\$ 40.7	\$ 21.2	\$ 0.0	\$ 66.7
Receivables, net	0.0	80.2	6.3	63.5	14.3	0.0	164.3
Affiliated receivables	0.7	0.0	119.0	2.3	6.9	(128.9)	0.0
Inventories, net	0.0	102.2	0.0	86.7	7.2	(0.3)	195.8
Deferred tax assets	0.0	9.4	5.5	0.0	0.2	0.0	15.1
Other current assets	0.0	6.4	2.8	17.6	12.5	0.0	39.3
Total current assets	0.7	203.0	133.6	210.8	62.3	(129.2)	481.2
Equity investments	154.9	648.3	183.8	43.0	4.0	(1,028.2)	5.8
Property, plant and equipment, net	0.0	105.7	0.0	40.7	14.7	0.0	161.1
Goodwill	0.0	39.8	0.0	34.4	1.4	0.0	75.6
Deferred tax assets	0.0	14.9	2.1	7.6	2.6	0.0	27.2
Affiliated loan receivables	0.0	7.7	326.3	0.1	39.2	(373.3)	0.0
Other noncurrent assets	0.0	15.7	0.0	12.1	1.3	0.0	29.1
Total assets	\$ 155.6	\$ 1,035.1	\$ 645.8	\$ 348.7	\$ 125.5	\$ (1,530.7)	\$ 780.0
LIABILITIES AND EQUITY							
Accounts payable	\$ 0.1	\$ 51.4	\$ 1.7	\$ 40.6	\$ 9.7	\$ 0.0	\$ 103.5
Affiliated payables	0.0	120.8	7.6	1.4	8.9	(138.7)	0.0
Accrued liabilities	4.9	15.9	12.2	35.8	8.9	0.0	77.7
Total current liabilities	5.0	188.1	21.5	77.8	27.5	(138.7)	181.2
Long-term debt	0.0	296.1	0.0	0.0	0.0	0.0	296.1
Affiliated debt	0.0	301.0	7.7	64.5	0.0	(373.2)	0.0
Other long-term liabilities	0.0	101.2	2.4	24.5	6.5	0.0	134.6
Total liabilities	5.0	886.4	31.6	166.8	34.0	(511.9)	611.9
Koppers shareholders' equity	150.6	148.7	614.2	181.9	74.0	(1,018.8)	150.6
Noncontrolling interests	0.0	0.0	0.0	0.0	17.5	0.0	17.5
Total liabilities and equity	\$ 155.6	\$ 1,035.1	\$ 645.8	\$ 348.7	\$ 125.5	\$ (1,530.7)	\$ 780.0

Condensed Consolidating Statement of Cash Flows
For the Year Ended December 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	\$ 37.8	\$ 278.7	\$ 130.1	\$ 39.9	\$ 7.7	\$ (376.6)	\$ 117.6
Cash provided by (used in) investing activities:							
Capital expenditures and acquisitions	0.0	(23.3)	0.0	(22.1)	(37.5)	7.7	(75.2)
(Loans to) repayments from affiliates	0.0	(0.8)	193.2	0.0	(1.7)	(190.7)	0.0
Net cash proceeds from divestitures and asset sales	0.0	1.3	0.0	1.1	0.5	0.0	2.9
Net cash provided by (used in) investing activities	0.0	(22.8)	193.2	(21.0)	(38.7)	(183.0)	(72.3)
Cash provided by (used in) financing activities:							
Borrowings (repayments) of long-term debt	0.0	0.0	0.0	0.0	6.6	0.0	6.6
Borrowings of affiliated long-term debt	0.0	(191.5)	0.8	0.0	0.0	190.7	0.0
Deferred financing costs	0.0	(1.3)	0.0	0.0	0.0	0.0	(1.3)
Dividends paid	(20.5)	(38.5)	(324.0)	(14.1)	(0.6)	376.6	(21.1)
Stock issued and repurchased	(17.3)	0.0	0.0	0.0	7.7	(7.7)	(17.3)
Other financing receipts	0.0	0.5	0.0	0.0	2.3	0.0	2.8
Net cash provided by (used in) financing activities	(37.8)	(230.8)	(323.2)	(14.1)	16.0	559.6	(30.3)
Effect of exchange rates on cash	0.0	0.0	0.0	(2.0)	2.5	0.0	0.5
Net increase (decrease) in cash and cash equivalents	0.0	25.1	0.1	2.8	(12.5)	0.0	15.5
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	\$ 29.9	\$ 0.1	\$ 43.5	\$ 8.7	\$ 0.0	\$ 82.2

Condensed Consolidating Statement of Cash Flows
For the Year Ended December 31, 2012

	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	\$ 26.1	\$ 44.6	\$ 8.7	\$ 29.5	\$ 1.4	\$ (32.5)	\$ 77.8
Cash provided by (used in) investing activities:							
Capital expenditures and acquisitions	0.0	(21.3)	0.0	(31.5)	(0.5)	10.4	(42.9)
Loan repayment by related party	0.0	0.0	0.0	0.0	2.2	0.0	2.2
(Loans to) repayments from affiliates	0.0	0.3	(8.4)	0.0	(2.7)	10.8	0.0
Net cash proceeds from divestitures and asset sales	0.0	0.4	0.0	0.4	0.0	0.0	0.8
Net cash provided by (used in) investing activities	0.0	(20.6)	(8.4)	(31.1)	(1.0)	21.2	(39.9)
Cash provided by (used in) financing activities:							
Repayments of long-term debt	0.0	(6.4)	0.0	0.0	0.0	0.0	(6.4)
Borrowings of affiliated long-term debt	0.0	13.3	(0.3)	0.0	(2.2)	(10.8)	0.0
Deferred financing costs	0.0	(0.1)	0.0	0.0	0.0	0.0	(0.1)
Dividends paid	(19.5)	(27.6)	0.0	(4.9)	0.0	32.5	(19.5)
Stock issued and repurchased	(6.6)	0.0	0.0	0.0	10.4	(10.4)	(6.6)
Other financing receipts	0.0	1.6	0.0	0.0	3.7	0.0	5.3
Net cash provided by (used in) financing activities	(26.1)	(19.2)	(0.3)	(4.9)	11.9	11.3	(27.3)
Effect of exchange rates on cash	0.0	0.0	0.0	2.1	(0.1)	0.0	2.0
Net increase (decrease) in cash and cash equivalents	0.0	4.8	0.0	(4.4)	12.2	0.0	12.6
Cash and cash equivalents at beginning of year	0.0	0.0	0.0	45.1	9.0	0.0	54.1
Cash and cash equivalents at end of period	\$ 0.0	\$ 4.8	\$ 0.0	\$ 40.7	\$ 21.2	\$ 0.0	\$ 66.7

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Condensed Consolidating Statement of Cash Flows
For the Year Ended December 31, 2011

	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	\$ 18.2	\$ 30.0	\$ (15.5)	\$ 49.5	\$ 5.3	\$ (10.6)	\$ 76.9
Cash provided by (used in) investing activities:							
Capital expenditures and acquisitions	0.0	(24.5)	0.0	(8.6)	(0.7)	0.0	(33.8)
Loan to related party	0.0	0.0	0.0	0.0	(11.7)	0.0	(11.7)
(Loans to) repayments from affiliates	0.0	1.2	16.7	0.0	(0.3)	(17.6)	0.0
Net cash proceeds from divestitures and asset sales	0.0	0.7	0.0	0.1	0.0	0.0	0.8
Net cash used in investing activities	0.0	(22.6)	16.7	(8.5)	(12.7)	(17.6)	(44.7)
Cash provided by (used in) financing activities:							
Borrowings (repayments) of long-term debt	0.0	6.3	0.0	(0.9)	0.0	0.0	5.4
Borrowings (repayments) of affiliated long-term debt	0.0	(19.2)	(1.2)	(3.5)	6.3	17.6	0.0
Deferred financing costs	0.0	(0.5)	0.0	0.0	0.0	0.0	(0.5)
Dividends paid	(18.2)	(2.5)	0.0	(8.1)	0.0	10.6	(18.2)
Net cash provided by (used in) financing activities	(18.2)	(15.9)	(1.2)	(12.5)	6.3	28.2	(13.3)
Effect of exchange rates on cash	0.0	0.1	0.0	(0.4)	0.2	0.0	(0.1)
Net increase (decrease) in cash and cash equivalents	0.0	(8.4)	0.0	28.1	(0.9)	0.0	18.8
Cash and cash equivalents at beginning of year	0.0	8.4	0.0	17.0	9.9	0.0	35.3
Cash and cash equivalents at end of period	\$ 0.0	\$ 0.0	\$ 0.0	\$ 45.1	\$ 9.0	\$ 0.0	\$ 54.1

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, have evaluated the effectiveness of our 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, our 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.

(b) Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

See Management Report on page 39 for management's annual report on internal control over financial reporting. See Report of Independent Registered Public Accounting Firm on page 42 for Ernst & Young LLP's attestation report on internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

On February 28, 2014, upon recommendation from the Company's Management Development and Compensation Committee, our Board of Directors approved the termination of the Koppers Inc. 2004 Restricted Stock Unit Plan. As of February 28, 2014, there were no remaining outstanding awards under this plan and none of the 71,638 shares of common stock that were available for issuance thereunder were granted prior to the plan's termination.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 401 of Regulation S-K with respect to directors is contained in our definitive Proxy Statement for our 2014 Annual Meeting of Shareholders (the "Proxy Statement") which we will file with the Securities and Exchange Commission, pursuant to Regulation 14A, not later than 120 days after the end of the Company's fiscal year under the caption "Proxy Item 1 – Proposal for Election of Directors", and is incorporated herein by reference.

The information required by this item concerning our executive officers is incorporated by reference herein from Part I of this report under "Executive Officers of the Company".

The information required by Item 405 of Regulation S-K is included in the Proxy Statement under the caption "General Matters – Section 16(a) Beneficial Ownership Reporting Compliance" and is incorporated herein by reference.

The information required by Item 407(d)(4) and Item 407(d)(5) of Regulation S-K is included in the Proxy Statement under the caption "Board Meetings and Committees" and is incorporated herein by reference.

The audit committee and our board have approved and adopted a Code of Business Conduct and Ethics for all directors, officers and employees and a Code of Ethics Applicable to Senior Officers, copies of which are available on our website at www.koppers.com and upon written request by our shareholders at no cost. Requests should be sent to Koppers Holdings Inc., Attention: Corporate Secretary's Office, 436 Seventh Avenue, Suite 1550, Pittsburgh, Pennsylvania 15219. We will describe the date and nature of any amendment to our Code of Business Conduct and Ethics or Code of Ethics Applicable to Senior Officers or any waiver (implicit or explicit) from a provision of our Code of Business Conduct and Ethics or Code of Ethics Applicable to Senior Officers within four business days following the date of the amendment or waiver on our Internet website at www.koppers.com. We do not intend to incorporate the contents of our website into this report.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is contained in the Proxy Statement under the captions "Executive Compensation" and "Committee Reports to Shareholders – Management Development and Compensation Committee Report" and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 is contained in the Proxy Statement under the captions "Common Stock Ownership" and "Equity Compensation Plans" and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is contained in the Proxy Statement under the captions "Transactions with Related Persons" and "Corporate Governance Matters – Director Independence" and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 is contained in the Proxy Statement under the caption "Auditors" and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements

Financial statements filed as part of this report are included in "Item 8 – Financial Statements and Supplementary Data" as listed on the index on page 39.

(a) 2. Financial Statement Schedules

"Schedule II – Valuation and Qualifying Accounts and Reserves is included on page 91. All other schedules are omitted because they are not applicable or the required information is contained in the applicable financial statements of notes thereto.

(a) 3. Exhibits

EXHIBIT INDEX

<i>Exhibit No.</i>	<i>Exhibit</i>
2.1	Joint Venture Contract for the establishment of Koppers (Jiangsu) Carbon Chemical Company Limited between Koppers International B.V. and Yizhou Group Company Limited dated September 10, 2012 (incorporated by reference to exhibit 2.1 to the Company's Quarterly Report on Form 10-Q filed November 9, 2012).
2.2***	Asset Purchase Agreement by and between Tolko Industries Ltd., Koppers Ashcroft Inc. and Koppers Inc., dated as of January 7, 2014.
3.1	Amended and Restated Articles of Incorporation of the Company (incorporated by reference to exhibit 3.1 to the Company's Current Report on Form 8-K filed February 7, 2006).
3.2	Amended and Restated Bylaws of the Company (incorporated by reference to exhibit 3.2 to the Company's Quarterly Report on Form 10-Q filed August 9, 2007).
4.1	Indenture, by and among Koppers Inc., Koppers Holdings Inc., the Subsidiary Guarantors party thereto and Wells Fargo Bank, National Association, dated as of December 1, 2009 (incorporated by reference to exhibit 4.1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2009 filed on February 19, 2010).
4.2*	Subscription Agreement by and between Koppers Inc. and Mr. Walter Turner dated December 1, 2009 (incorporated by reference to exhibit 4.2 of the Company's Annual Report on Form 10-K for the year ended December 31, 2009 filed on February 19, 2010).
4.3	Exchange and Registration Rights Agreement by and among Koppers Inc., Koppers Holdings and the other guarantors party hereto, Goldman, Sachs & Co., Banc of America Securities LLC, RBS Securities Inc. and UBS Securities LLC, dated December 1, 2009 (incorporated by reference to exhibit 4.3 of the Company's Annual Report on Form 10-K for the year ended December 31, 2009 filed on February 19, 2010).
10.1	Asset Purchase Agreement by and between Koppers Inc. and Koppers Company, Inc., dated as of December 28, 1988 (incorporated by reference to respective exhibits to the Koppers Inc.'s Prospectus filed February 7, 1994).
10.2	Asset Purchase Agreement Guarantee provided by Beazer PLC, dated as of December 28, 1988 (incorporated by reference to respective exhibits to the Koppers Inc.'s Prospectus filed February 7, 1994).
10.9*	Employment agreement with Steven R. Lacy dated April 5, 2002 (incorporated by reference to Exhibit 10.35 of the Koppers Inc. Form 10-K filed March 5, 2003).
10.12*	Retirement Plan of Koppers Industries, Inc. and Subsidiaries for Salaried Employees (incorporated by reference to Exhibits to the Koppers Inc. Prospectus filed February 7, 1994 pursuant to Rule 424(b) of the Securities Act of 1933, as amended, in connection with the offering of the 8 1/2% Senior Notes due 2004).
10.13*	Koppers Industries, Inc. Non-contributory Long Term Disability Plan for Salaried Employees (incorporated by reference to respective exhibits to the Koppers Inc. Prospectus filed February 7, 1994 pursuant to Rule 424(b) of the Securities Act of 1933, as amended, in connection with the offering of the 8 1/2% Senior Notes due 2004).
10.14*	Koppers Industries, Inc. Employee Savings Plan (incorporated by reference to respective exhibits to the Koppers Inc. Prospectus filed February 7, 1994 in connection with the offering of the 8 1/2% Senior Notes due 2004).
10.15*	Koppers Industries, Inc. Survivor Benefit Plan (incorporated by reference to respective exhibits to the Koppers Inc. Prospectus filed February 7, 1994 pursuant to Rule 424(b) of the Securities Act of 1933, as amended, in connection with the offering of the 8 1/2% Senior Notes due 2004).
10.22*	Employment agreement with Brian H. McCurrie dated October 13, 2003 (incorporated by reference to Exhibit 10.15 to the Koppers Inc. Form 10-K for the year ended December 31, 2003).
10.32	Amendment and Restatement to Article VII of the Asset Purchase Agreement by and between Koppers Inc. and Beazer East, Inc., dated July 15, 2004 (incorporated by reference to Exhibit 10.33 to the Koppers Inc. Form 10-Q for the quarter ended June 30, 2004).

Exhibit No.	Exhibit
10.34	Agreement and Plan of Merger dated as of November 18, 2004, by and among Koppers Inc., Merger Sub for KI Inc. and Koppers Holdings Inc. (f/k/a KI Holdings Inc.) (incorporated by reference to Exhibit 10.34 to the Holdings Inc.) Registration Statement on Form S-4 filed February 14, 2005).
10.37*	Amended and Restated 2005 Long Term Incentive Plan (incorporated by reference to Appendix A to the Company's Definitive Proxy Statement for its 2010 Annual Meeting of Shareholders filed on March 31, 2010).
10.42	Asset Purchase Agreement dated April 28, 2006 between Reilly Industries, Inc. and Koppers Inc. (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on April 28, 2006).
10.45	Joint Venture Contract in relation to the establishment of Tangshan Koppers Kailuan Carbon Chemical Co., LTD, among Kailuan Clean Coal Company Limited, Koppers Mauritius, and Tangshan Iron & Steel Co., Ltd 10.45 to the Koppers Holdings Inc. Annual Report on Form 10-K for the year ended December 31, 2006).
10.48	Koppers Holdings Inc. Benefit Restoration Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2007).
10.49	Purchase Agreement dated as of August 3, 2008 by and among Koppers Inc., Carbon Investments, Inc., and ArcelorMittal S.A. (incorporated by reference to Exhibit 10.49 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2007).
10.51*	Koppers Inc. Supplemental Executive Retirement Plan I (incorporated by reference to exhibit 10.51 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008 filed on February 20, 2009)
10.52*	Koppers Inc. Supplemental Executive Retirement Plan II (incorporated by reference to exhibit 10.52 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008 filed on February 20, 2009)
10.53*	Amendment to Employment Agreement with Steven R. Lacy effective as of January 1, 2009 (incorporated by reference to exhibit 10.53 of the Company's Annual Report on Form 10-K for the year ended December 31, 2009)
10.54*	Amendment to Employment Agreement with Brian H. McCurrie effective as of January 1, 2009 (incorporated by reference to exhibit 10.54 of the Company's Annual Report on Form 10-K for the year ended December 31, 2009)
10.55*	Amendment to Koppers Holdings Inc. Benefit Restoration Plan effective as of January 1, 2009 (incorporated by reference to exhibit 10.55 of the Company's Annual Report on Form 10-K for the year ended December 31, 2009)
10.56*	Amendment to the Employee Savings Plan of Koppers Inc. and Subsidiaries effective as of January 1, 2008 (incorporated by reference to exhibit 10.56 of the Company's Annual Report on Form 10-K for the year ended December 31, 2009).
10.57*	Amendment to the Retirement Plan for Koppers Inc. effective January 1, 2008 (incorporated by reference to exhibit 10.57 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008 filed on February 20, 2009)
10.62*	Restricted Stock Unit Issuance Agreement – Time Vesting. (incorporated by reference to exhibit 10.62 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 25, 2013).
10.63*	Restricted Stock Unit Issuance Agreement – Performance Vesting. (incorporated by reference to exhibit 10.63 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 25, 2013).
10.64*	Notice of Grant of Stock Option. (incorporated by reference to exhibit 10.64 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 25, 2013).
10.65*	Amendment #2 to Employment Agreement with Brian H. McCurrie effective May 1, 2010. (incorporated by reference to Exhibit 10.65 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010).
10.66*	Form of Koppers Holdings Inc. Restricted Stock Unit Issuance Agreement Non-Employee Director –Time Vesting (incorporated by reference to Exhibit 10.66 to the Company's Quarterly Report on Form 10-Q filed on May 5, 2011).
10.67*	Letter Agreement between James T. Dietz and Koppers Inc. dated October 4, 2006 (incorporated by reference to Exhibit 10.67 to the Company's Quarterly Report on Form 10-Q filed on May 5, 2011).
10.68*	Summary of Terms and Conditions of Employment between Mark R. McCormack and Koppers (incorporated by reference to Exhibit 10.68 to the Company's Quarterly Report on Form 10-Q filed on May 5, 2011).
10.73*	Amendment No. 2 to Employment Agreement with Steven R. Lacy effective December 19, 2012. (incorporated by reference to exhibit 10.73 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012).

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<i>Exhibit No.</i>	<i>Exhibit</i>
10.74*	Amendment No. 3 to Employment Agreement with Brian McCurrie effective December 19, 2012. (incorporated by reference to exhibit 10.74 to the Company's Annual Report on Form 10-K for the year ended Dec
10.75*	Employment Agreement between Koppers Inc. and Walter W. Turner effective January 1, 2013. (incorporated by reference to exhibit 10.75 to the Company's Annual Report on Form 10-K for the year ended Dece
10.76*	2013 Restricted Stock Unit Issuance Agreement – Time Vesting for Walter W. Turner. (incorporated by reference to exhibit 10.76 to the Company's Annual Report on Form 10-K for the year ended December 31, 2
10.77*	2013 Restricted Stock Unit Issuance Agreement – Performance Vesting for Walter W. Turner. (incorporated by reference to exhibit 10.77 to the Company's Annual Report on Form 10-K for the year ended Decem
10.78*	2013 Notice of Grant of Stock Option for Walter W. Turner. (incorporated by reference to exhibit 10.78 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 25,
10.79	Amended and Restated Credit Agreement by and among Koppers Inc., the Guarantors party thereto, the Lenders party thereto, PNC Capital Markets LLC and RBS Citizens N.A., as Co-Lead Arrangers; PNC Cap
10.80*	Form of Amended and Restated Change in Control Agreement entered into as of May 6, 2013 between the Company and the named Executive (incorporated by reference to Exhibit 10.80 to the Company's Quar
10.81*	Amendment No. 3 to Employment Agreement with Steven R. Lacy effective August 7, 2013 (incorporated by reference to Exhibit 10.81 to the Company's Quarterly Report on Form 10-Q filed on November 7, 201
10.82*	Amendment No. 4 to Employment Agreement with Brian McCurrie effective August 7, 2013 (incorporated by reference to Exhibit 10.82 to the Company's Quarterly Report on Form 10-Q filed on November 7, 201
10.83	First 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, (
10.84* ***	2014 Restricted Stock Unit Issuance Agreement – Time Vesting.
10.85* ***	2014 Restricted Stock Unit Issuance Agreement – Time Vesting for Walter W. Turner.
10.86* ***	Senior Management Corporate Incentive Plan.
10.87* ***	Management Incentive Plan.
10.88* ***	EBIT Based Management Incentive Plan.
12.1***	Computation of ratio of earnings to fixed charges.
21***	List of subsidiaries of the Company.
23.1***	Consent of Independent Registered Public Accounting Firm.
24***	Powers of Attorney.
31.1***	Certification of Chief Executive Officer pursuant to Rule 13a-14(a).
31.2***	Certification of Chief Financial Officer pursuant to Rule 13a-14(a).
32.1***	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 1350.
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

* Management Contract or Compensatory Plan.

*** Filed herewith.

KOPPERS HOLDINGS INC.

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS
For the years ended December 31, 2013, 2012 and 2011

	Balance at Beginning of Year	Increase (Decrease) to Expense	Net (Write- Offs) Recoveries	Currency Translation	Balance at End of Year
<i>(Dollars in millions)</i>					
2013					
Allowance for doubtful accounts	\$ 3.7	\$ (0.2)	\$ 0.0	\$ 0.1	\$ 3.6
Inventory obsolescence reserves	\$ 1.1	\$ 0.7	\$ 0.0	\$ (0.1)	\$ 1.7
Deferred tax valuation allowance	\$ 17.4	\$ 2.6	\$ (0.2)	\$ (0.1)	\$ 19.7
2012					
Allowance for doubtful accounts	\$ 0.3	\$ 3.2	\$ 0.0	\$ 0.2	\$ 3.7
Inventory obsolescence reserves	\$ 1.4	\$ 0.5	\$ (0.8)	\$ 0.0	\$ 1.1
Deferred tax valuation allowance	\$ 10.2	\$ 8.8	\$ (1.6)	\$ 0.0	\$ 17.4
2011					
Allowance for doubtful accounts	\$ 0.1	\$ 0.3	\$ (0.1)	\$ 0.0	\$ 0.3
Inventory obsolescence reserves	\$ 2.1	\$ 4.2	\$ (4.9)	\$ 0.0	\$ 1.4
Deferred tax valuation allowance	\$ 11.4	\$ (1.2)	\$ 0.0	\$ 0.0	\$ 10.2

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, Koppers Holdings Inc. has duly caused this annual report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

KOPPERS HOLDINGS INC.

BY: /s/ LEROY M. BALL
 Leroy M. Ball
 Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this annual report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

<i>Signature</i>	<i>Capacity</i>	<i>Date</i>
<u>/s/ WALTER W. TURNER</u> Walter W. Turner	Director, President and Chief Executive Officer	March 3, 2014
<u>/s/ LEROY M. BALL</u> Leroy M. Ball	Vice President and Chief Financial Officer (Principal Financial and Principal Accounting Officer)	March 3, 2014
David M. Hillenbrand Cynthia A. Baldwin X. Sharon Feng Albert J. Neupaver Louis L. Testoni Stephen R. Tritch T. Michael Young	Director and Non-Executive Chairman of the Board Director Director Director Director Director Director	By <u>/s/ WALTER W. TURNER</u> Walter W. Turner, <i>Attorney-in-Fact</i> March 3, 2014

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

TOLKO INDUSTRIES LTD.,

KOPPERS ASHCROFT INC.

and

KOPPERS INC.

Dated as of January 7, 2014

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The exhibits listed below have been omitted from the copy of this Agreement filed with the Securities and Exchange Commission. The company will furnish supplementally a copy of any omitted exhibit to the Commission upon request.

EXHIBITS

Exhibit A	Form of Assignment and Assumption Agreement
Exhibit B	Form of Escrow Agreement
Exhibit C	Form of Bill of Sale
Exhibit D	Form of Transition Services Agreement
Exhibit E	Form of Consulting Agreement

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this “**Agreement**”), made effective as of January 7, 2014, is entered into by and between **TOLKO INDUSTRIES LTD.**, a Canadian corporation (“**Seller**”), **KOPPERS INC.**, a Pennsylvania corporation (“**Parent**”), and **KOPPERS ASHCROFT INC.** (“**Buyer**”), a British Columbia corporation and an indirect wholly-owned subsidiary of Parent.

RECITALS

1. Seller owns and operates, as a division of Seller, a treating facility located near Ashcroft, British Columbia, Canada, providing treated railroad ties, treated switch ties, treated marine piling, treated bridge timbers, and certain other treated products and related services to customers in the railroad industry primarily in Western Canada (the “**Business**”).
2. Seller desires to sell, assign, and transfer to Buyer, and Buyer desires to purchase from Seller, substantially all of the assets owned, leased or used in connection with the Business, as described in more detail below, all on the terms and subject to the conditions described herein. In connection therewith, Buyer will assume only certain specified liabilities and obligations of the Business as further described herein.
3. Parent desires to guarantee the payment obligations of Buyer set forth in this Agreement and indemnification obligations set forth in Article 7 of this Agreement

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

ARTICLE 1

Definitions

1.1 Certain Defined Terms.

As used in this Agreement, the terms below will have the following meanings. The definitions in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” All references herein to Articles, Sections and Exhibits shall be deemed references to Articles and Sections of, and Exhibits to, this Agreement, and all references herein to Schedules shall be deemed references to Schedules of the disclosure schedule prepared by Seller to accompany this Agreement (the “**Disclosure Schedule**”) unless the context shall otherwise require.

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“**Affiliate**” means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under the direct or indirect common control with such specified Person.

“**Business Day**” means any day other than Saturday or Sunday or any federal holiday in Pennsylvania or statutory holiday in British Columbia.

“**Consent**” means any registration, filing, declaration, application, right of first refusal or notice to or with any Person and any consent, approval, permit, qualification, waiver, waiting period, authorization or action of or by any Person other than a Governmental Entity. “**Consent**” shall include any consent, approval, waiver, authorization or other action required under any Material Contract to prevent any Acquired Assets or Assumed Liabilities from being in default, terminating, accelerating, revoking, suspending, canceling, losing or diminishing in value, changing in any respect or creating any liability or giving any person any rights or remedies as a result of the consummation of the transactions consummated by this Agreement.

“**Environment**” means the environment as defined in Environmental Laws and includes soil, land, surface or subsurface strata, surface waters (including, without limitation, navigable waters, ocean waters, streams, ponds, drainage basins, and wetlands), groundwaters, drinking water supply, stream sediments, ambient air (including indoor air), plant and animal life, and any other environmental medium or natural resource.

“**Environmental Condition**” means the Release of a Hazardous Material, or the presence of a Hazardous Material, in the Environment other than the presence of a Hazardous Material in locations or at concentrations that are naturally occurring.

“**Environmental Law**” means all federal, provincial, regional, local and foreign laws and regulations, all common law and all other provisions having the force or effect of law relating to pollution or protection of the Environment or public or occupational safety and health, including, without limitation, those relating to Releases or threatened Releases of Hazardous Materials or otherwise relating to the use, treatment, storage, transport or handling of Hazardous Materials, and any Environmental Permits, orders, decrees, directions, judgments, or injunctions issued, promulgated, approved, or entered thereunder.

“**Environmental Liability**” means any form of damage as identified in this Agreement in the definition of Buyer’s Damages or other liability or obligation of any nature, kind, character or description whatsoever, whether or not due or to become due, known or unknown, accrued, unaccrued, fixed, absolute, mature, asserted, conditional, secondary, potential, determined, determinable or contingent, executory, liquidated or unliquidated, joint or several, vested or unvested and whether or not incurred directly and whether or not arising out of any act, omission, transaction, circumstance or otherwise imposed upon or arising under any Environmental Law, but in each case consisting of or relating to any: (i) duty imposed by, or breach of or noncompliance with, any Environmental Law, (ii) environmental, health or safety matters or conditions (including on-site and off-site contamination), (iii) Environmental Remedial Action, (iv) bodily injury, property damage (including trespass, nuisance, and deprivation of the use of property), (v) any injury to, destruction of, or loss of natural resources, or costs of any natural resources damage assessments, and (vi) the presence or Release of any Hazardous Material at or on any property.

“Environmental Remedial Action” means any and all actions required, ordered or undertaken to (i) investigate, clean up, remove, treat, contain, or in any other way address, or to take remedial action with respect to, Hazardous Materials in the Environment, (ii) prevent the Release, the threat of a Release, or to minimize any future Release of Hazardous Materials, or to prevent or minimize the migration or movement of Hazardous Materials in the Environment, (iii) protect public or occupational health, safety and welfare and the Environment from harm or potential harm associated with a Release or subsequent migration or movement of Hazardous Materials, (iv) perform pre-remedial studies and investigations and pre-remedial and post-remedial monitoring and care, or (v) comply with any Environmental Law.

“Final Net Working Capital” means the Net Working Capital as of the Closing determined in accordance with Section 2.5.

“GAAP” means Canadian generally accepted accounting principles, which, for purposes of this Agreement, are the Accounting Standards for Private Enterprises.

“Governmental Entity” means any domestic or foreign government or political subdivision thereof, whether on a federal, provincial or local level and whether executive, legislative or judicial in nature, including any agency, authority, board, bureau, commission, court, department or other instrumentality thereof.

“Hazardous Materials” means (A) all substances defined or described as hazardous by any Environmental Law, (B) any petroleum or petroleum product, oil or waste oil; (C) any asbestos or polychlorinated byphenyls; (D) any hazardous material, toxic substance, toxic pollutant, solid waste, municipal waste, industrial waste, hazardous waste, flammable material, radioactive material, pollutant or contaminant or words of similar meaning and regulatory effect under any applicable Environmental Law; and (E) any other chemical, material or substance exposure to which, or whose discharge, emission, disposal or Release is prohibited, limited, or regulated under any applicable Environmental Law.

“Indebtedness” as applied to any Person, means without duplication: (i) all obligations of such Person for borrowed money or in respect of loans or advances; (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (iii) all obligations in respect of performance bond arrangements, guarantees, letters of credit, whether or not drawn, and bankers’ acceptances issued for the account of such Person; (iv) all capitalized lease liabilities of such Person; (v) all obligations for the costs or purchase prices of any of the Acquired Assets; (vi) any debt-like obligation or financing-type arrangement in respect of the deferred purchase price of the Acquired Assets; (vii) any unearned revenue (i.e. amounts billed and collected before being earned), and (viii) any accrued interest, prepayment premiums or penalties or other costs or expenses related to any of the foregoing.

“knowledge,” “to the knowledge,” “known” or similar variations thereof shall mean the actual knowledge of Jim Baskerville, Trevor Jähnig, Wade Greenall, and Dave Bryant after

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making inquiries of their direct reports with respect to the relevant subject matter after due inquiry and investigation by those direct reports. For the avoidance of doubt, solely with respect to the Environmental Representations, due inquiry and investigation includes making inquiries of employees of Seller having responsibility for the items covered by the Environmental Representations after those employees have reviewed all relevant books and records of the Business (including results of any studies of the environmental conditions at the Facility) and public filings of Seller with any Governmental Entity, including any Permits, with respect to the Business, but excluding any requirement to undertake any inspection, investigation, drilling, sampling or other testing of any kind.

“**Person**” means an individual, a corporation, a limited liability company, a partnership, a joint venture, a business association, a trust or any other entity or organization, including a Governmental Entity.

“**Release**” means any release, spill, emission, discharge, leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into or through the Environment.

“**Representative**” when used with respect to any Person means any directors, officers, employees, stockholders, agents or representatives (including attorneys, accountants, consultants, banks and financial advisors) of such Person.

“**Target Net Working Capital**” means CAD\$16,300,000.

1.2 Other Defined Terms.

The following terms will have the meanings defined for such terms in the Sections set forth below:

Term	Section
Acquired Assets	2.1
Acquired Material Contracts	4.17
Acquisition Proposal	3.4(d)
Agreement	Preamble
ALC Act	4.11(d)
ALC Consent	4.11(d)
Assignment and Assumption Agreement	2.3(a)
Assumed Accounts Payable	2.3(a)
Assumed Contracts	2.1(e)
Assumed Liabilities	2.3(a)
Benefit Plan	4.14(c)
Bill of Sale	3.6(a)
Business	Recitals
Business Assets	2.3(b)
Buyer	Preamble
Buyer Damages	7.2

Buyer Indemnifying Party	7.3
Buyer Indemnitees	7.2
Buyer Material Adverse Effect	5.1
Buyer Transaction Documents	3.7(j)
Claims Notice	7.5
Closing	3.1
Closing Balance Sheet	2.5(a)
Closing Date	3.1
Closing Net Working Capital	2.5(a)
Closing Purchase Amount	2.4(b)
Confidential Information	6.2
Consulting Agreement	3.2(g)
Contracts	2.1(e)
Disclosure Schedule	1.1
Disputed Amounts	2.5(c)
Environment	1.1
Environmental Liability Cap	7.6(e)
Environmental Liability Deductible	7.6(e)
Environmental Permits	2.3(b)
Environmental Representations	7.1
ETA	4.20(d)
Escrow Agent	2.4(d)
Escrow Agreement	2.4(d)
Escrow Amount	2.4(d)
Estimated Closing Statement	2.4(c)
Estimated Net Working Capital	2.4(c)
Excluded Assets	2.2
Excluded Liabilities	2.3(b)
Exclusivity Period	3.4(d)
Existing Environmental Condition	2.3(b)
Facility	2.1(b)
Financial Statements	4.6(a)
Fundamental Representations	7.1
General Indemnification Cap	7.6(a)
GST	4.20(d)
HCA	4.11(e)
Indemnification Threshold	7.6(a)
indemnified party	7.4(a)
Independent Accountant	2.5(c)
Intellectual Property	2.1(f)
ILPP	4.14(f)
Inventory	2.1(a)
Koppers	Preamble
Liens	2.1
Material Contracts	4.17

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Net Working Capital	2.4(c)
Objection Notice	2.5(b)
Permitted Liens	4.10(a)
Permits	2.1(i)
Post-Balance Sheet Liabilities	4.6(b)
Post-Closing Adjustment	2.5(e)
PSTA	3.13
Purchase Orders	2.1(j)
Purchase Price	2.4(a)
Purchase Price Decrease	2.5(e)
Purchase Price Increase	2.5(e)
Receivables	2.1(l)
Reference Balance Sheet	4.6(a)
Reference Balance Sheet Date	4.6(a)
Restriction Period	6.1
Seller	Preamble
Seller Damages	7.3
Seller Indemnitees	7.3
Seller Material Adverse Effect	4.1
Seller Transaction Documents	3.6(o)
Specified Accounting Principles	2.4(c)
Tax Representations	7.1
Tax Return	4.20(d)
Taxes	4.20(d)
Third Party Claim	7.4(a)
Transferred Employees	6.8(a)
Transition Services Agreement	3.6(d)
Water Act	2.3(b)(ix)(A)

ARTICLE 2

Purchase and Sale of Assets; Assumption of Certain Specified Liabilities

2.1 The Acquired Assets.

Subject to and in reliance upon the representations, warranties, and agreements herein set forth, and subject to the terms and conditions herein contained, Seller shall grant, convey, sell, assign, transfer, and deliver to Buyer on the Closing Date (as such term is defined herein), and Buyer shall purchase on the Closing Date, free and clear of all covenants, restrictions, liens, security interests, claims, pledges, assignments, subleases, options, rights of refusal, charges, leases, licenses, encumbrances and any other restriction of any kind or nature (collectively, “**Liens**”), but with the exception of any Permitted Liens, all of the following, including the Business as a going concern and goodwill, that are owned, used, or held for use by Seller and related to the Business, except for those assets which are expressly excluded pursuant to Section 2.2 hereof (collectively, the “**Acquired Assets**”):

(a) Inventories. All inventories (including raw materials, work-in-progress, and finished goods) and supplies of Seller related exclusively to the Business that are located at the Facility and all other inventories that are not located at the Facility but are held by Seller exclusively for the Business (collectively, the “**Inventory**”), including the Inventory identified on Schedule 2.1(a);

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(b) Real Property. The real property on which Seller's treating facility is located near Ashcroft, British Columbia, which is more particularly described on Schedule 4.11(a) (such real property, including buildings, structures, improvements, privileges, rights, easements, hereditaments, appurtenances and related rights of every nature, collectively, the "**Facility**");

(c) Prepaid Items. All prepaid expenses, credits, deferred charges, advance payments, security deposits and prepaid items of Seller with respect to the Business that relate exclusively to the Business or any of the Acquired Assets (other than prepaid Taxes (as such term is defined herein));

(d) Machinery, Equipment, and Other Personal Property. All physical assets, machinery, equipment, automobiles, trucks, furniture, fixtures, office materials and supplies, computer hardware and software, spare parts, and other tangible personal property of every kind and description owned, leased, or licensed by Seller and related to the Business that are located at the Facility, including those identified on Schedule 2.1(d);

(e) Contracts. Seller's rights under the contracts, leases, licenses, purchase orders, indentures, agreements, commitments, and other contractual arrangements (collectively, "**Contracts**") listed on Schedule 4.17 identified as Contracts that will be assigned to and assumed by Buyer, subject to the provisions of Section 3.11 (collectively, the "**Assumed Contracts**");

(f) Intellectual Property. Seller's rights and goodwill in and to the names "Ashcroft" and "Ashcroft Treating" and any derivations thereof and the other intangible property and proprietary rights identified on Schedule 4.13(a) (collectively, the "**Intellectual Property**");

(g) Files and Records. All files, records, books of account, general, financial, and accounting records, invoices, computer programs, tapes, electronic data processing software, customer and supplier lists, correspondence, and other records of Seller maintained exclusively with respect to the Business, wherever located, including physical hard copies of any records located at Seller's head office but excluding anything on computer programs at Seller's head office relating to more than just the Business which cannot be readily separated from those programs;

(h) Goodwill. All Seller's goodwill in, and the going concern value of, the Business;

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(i) Permits, Licenses, and Authorizations. The governmental permits, licenses, and authorizations (“**Permits**”) held by Seller and related exclusively to the Business that are listed on Schedule 4.8, to the extent the same may be transferred to Buyer;

(j) Purchase Orders. All purchase orders outstanding on the Closing Date from customers of Seller for the purchase of products or services from the Business (the “**Purchase Orders**”);

(k) Guarantees. All transferrable guarantees, warranties, indemnities, and similar rights in favor of Seller with respect to the Business or any of the Acquired Assets; and

(l) Receivables. All notes receivable, accounts receivable, and other receivables of Seller of any kind related exclusively to the Business (collectively, the “**Receivables**”).

2.2 Excluded Assets.

The following shall be excluded from the Acquired Assets and retained by Seller (collectively, the “**Excluded Assets**”):

(a) Cash and Investments. All cash on hand or in bank accounts and other cash items, cash equivalents, and short-term investments;

(b) Claims for Taxes. Any and all claims of Seller for refunds, carrybacks, carryforwards, and credits relative to Taxes paid or attributable to a taxable period (or portion thereof) ending on or prior to the Closing Date;

(c) Employee Benefit Plans. All Benefit Plans (as such term is defined herein), including, without limitation, employee pension, profit sharing, medical benefit or health plans and trusts, and related Contracts, trust accounts, funds, insurance policies, investments, or other assets;

(d) Retained Rights. Any property, right, or asset arising from and directly related to the defense, release, compromise, discharge, or satisfaction of any of the Excluded Liabilities (as such term is defined herein) unless such property, right, or asset is included on the Closing Balance Sheet (as such term is defined herein); and

(e) Corporate Records. The minute books, seal, stock records, Tax Returns and Tax records of Seller, and all files, records, books of account, general, financial, and accounting records, invoices, computer programs, tapes, electronic data processing software, customer and supplier lists, correspondence, and other records of Seller that are not maintained exclusively with respect to the Business, including anything on computer programs at Seller’s head office relating to more than just the Business which cannot be readily separated from those programs;

(f) Corporate Names. The names “Tolko Industries”, “Tolko” and “TIL”, goodwill associated with those names and all of Seller’s trademarks, service marks, franchises,

patents, trade names, slogans, logotypes, copyrights and other intangible rights (registered or unregistered), other than the names "Ashcroft" and "Ashcroft Treating" and any derivations thereof;

(g) **Insurance Policies.** All insurance policies held by Seller and any amounts paid in connection with those insurance policies; and

(h) **Other.** The property, assets and Contracts described in [Schedule 2.2 \(b\)](#) and all other property and assets of Seller not held exclusively for or used exclusively in the Business.

2.3 Assumption of Certain Liabilities; Excluded Liabilities.

(a) Upon the terms and subject to the conditions of this Agreement, effective as of the Closing Date, Buyer shall assume and agree to pay, honor, perform, and discharge when due and payable, and indemnify and hold harmless Seller from and against the specific liabilities and obligations set forth below which relate to the operation of the Business and the Acquired Assets as of the Closing Date (the "**Assumed Liabilities**"), which assumption by Buyer will be evidenced by the execution and delivery of an Assignment and Assumption Agreement substantially in the form of [Exhibit A](#) attached hereto (the "**Assignment and Assumption Agreement**"). The Assumed Liabilities shall consist solely of (i) all liabilities and obligations that arise or accrue following the Closing under the express terms of the Purchase Orders, Permits, and Contracts included in the Acquired Assets, but not including any liability or obligation for any breach thereof or default thereunder occurring prior to the Closing; and (ii) all current trade payable liabilities and obligations accrued on the Estimated Closing Statement or the Closing Balance Sheet in the amounts shown thereon as and to the extent (A) such liabilities and obligations relate exclusively to the Business or the Acquired Assets, and (B) were incurred by Seller in the ordinary course of business consistent with past practice (the "**Assumed Accounts Payable**").

(b) Buyer shall in no event assume or be deemed to assume, nor shall it be liable for, any obligations or liabilities of Seller of any nature whatsoever (whether express or implied, fixed or contingent, known or unknown) other than the Assumed Liabilities (all obligations and liabilities of Seller other than the Assumed Liabilities are referred to herein collectively as the "**Excluded Liabilities**"). Without limiting the generality of the foregoing, Excluded Liabilities shall include:

(i) liabilities to, under or with respect to any Benefit Plan and the administration of any Benefit Plan, or relating to payroll, vacation, sick leave, workers' compensation, unemployment benefits with respect to employees or former employees of the Business or any of its predecessors, under any employment, severance, retention or termination agreement with any employee of the Business, or arising out of or relating to any employee grievance whether or not the affected employees are hired by Buyer (other than current outstanding payroll, vacation and sick leave pay for Transferred Employees and amounts payable to Transferred Employees under Seller's Staff Incentive Plan, the amounts for which will be accrued as a liability on the Estimated Closing Statement or the Closing Balance Sheet and the obligation to pay will be assumed by Buyer);

(ii) liabilities relating to disability, injuries, and occupational diseases of or with respect to former or current employees of the Business;

(iii) liabilities relating to all Taxes of the Business and the Acquired Assets that are assessed, accrued, accruing or attributable for periods up to and including the time of Closing (including those that are not yet delinquent and any Liens for such Taxes) and all liabilities relating to the Taxes of Seller for any period (which does not include Taxes payable under the PSTA or land transfer Tax arising on the transfer of the Acquired Assets to Buyer pursuant to this Agreement);

(iv) liabilities relating to any complaint, action, arbitration or regulatory, administrative or government proceeding or investigation involving Seller or its Affiliates, the Facility, or any of the Acquired Assets, arising out of any action based on, or events occurring as a result of, the operation of the Business prior to the Closing, other than collection actions initiated by Seller;

(v) all Indebtedness of Seller;

(vi) liabilities for products liability for all products shipped, distributed, assembled or manufactured by, or any services provided by Seller with respect to the Business relating to any recalls of products manufactured by Seller before the Closing; and for all express and implied product warranties for all products shipped, distributed, assembled or manufactured by, or any services provided by Seller or any of its predecessors with respect to the Business;

(vii) liabilities and obligations incurred by Seller on or after the Closing;

(viii) any liability or obligation to indemnify, defend, or hold harmless any of Seller's officers, directors, employees, or agents;

(ix) Environmental Liabilities arising out of or relating to:

(A) any actual or alleged violation of Environmental Laws existing before the Closing arising out of or related to (1) the ownership, use or operation of the Business, the Facility, the other Acquired Assets (collectively, the "**Business Assets**") or any other real property, leasehold or other real property interest and any building, plant, vessel, vehicle, rolling stock, structure, product, substance or equipment currently or formerly owned, leased, controlled, stored, used or operated by Seller or any of its predecessors in connection with the Business or the Facility; (2) the design, configuration or condition of the Facility or any structure or equipment currently or formerly owned, leased, controlled, used or operated by Seller or any of its predecessors in connection with the Business Assets; (3) failure to have or maintain all authorizations, licenses, permits or approvals required to use, own, or operate the Business Assets under applicable Environmental Law (the "**Environmental Permits**") prior to the Closing, including the failure of Seller to have all Permits required under the *Water Act* (British

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Columbia) (the “**Water Act**”) required for the current operations of the Business as historically carried on by Seller; or (4) the failure to have, maintain or properly operate programs and equipment for monitoring of, or the failure to report in an accurate and timely manner, any Release, employee exposure, incident, or occupational health and safety condition;

(B) any Environmental Condition existing before the Closing, including the subsequent migration of Hazardous Material after the Closing (each, an “**Existing Environmental Condition**”), including any liability for (1) an Environmental Remedial Action to address or related to an Existing Environmental Condition; (2) claims asserted by any third party (including any employee or former employee of Seller or Buyer) for bodily injury, death, or property damage allegedly caused by, or arising from exposure to, any Existing Environmental Condition; (3) any natural resource damages arising from any Existing Environmental Condition, and (4) any liabilities relating to any off-site transportation, treatment, disposal or Release of any Hazardous Material resulting from any Environmental Remedial Action to address an Existing Environmental Condition, whether such Environmental Remedial Action was taken before or after the Closing Date, in each case, without regard to whether any Existing Environmental Condition is listed or identified in [Schedule 4.19](#);

(C) the storage, transportation, treatment, disposal, discharge, recycling or Release of any Hazardous Material at any off-site location by Seller or any of its predecessors before the Closing, or the arrangement by Seller or any of its predecessors for any storage, transportation, treatment, disposal, discharge, recycling, or Release of any Hazardous Material at any off-site location before the Closing;

(D) any contractual indemnity obligations relating to requirements of Environmental Law or environmental liabilities that Seller has undertaken in connection with the Business Assets;

(E) any liabilities or obligations for any breach or default by Seller under any Material Contract occurring before the Closing; and

(F) any liabilities attributable to Excluded Assets.

Buyer acknowledges and agrees that Section 2.3(b)(ix) is intended to be the sole provision that defines Environmental Liabilities that are Excluded Liabilities and Environmental Liabilities are excluded from all other provisions in Section 2.3(b).

2.4 Purchase Price and Payment; Post-Closing Adjustment.

(a) Purchase Price. Buyer will purchase the Acquired Assets for the purchase price equal to the Closing Purchase Amount described in Section 2.4(b) hereof, adjusted pursuant to Section 2.5 (the “**Purchase Price**”).

(b) Closing Purchase Amount. The “**Closing Purchase Amount**” is an amount equal to **Thirty-One Million Five Hundred Thousand Canadian Dollars (CAD\$31,500,000)**, increased by the amount (if any) by which the Estimated Net Working Capital exceeds the Target Net Working Capital or decreased by the amount (if any) by which the Estimated Net Working Capital is less than the Target Net Working Capital.

(c) Not later than three (3) Business Days prior to the Closing Date, Seller shall deliver to Buyer a statement (the “**Estimated Closing Statement**”), certified by a senior executive officer of Seller, specifying Seller’s good -faith estimate of the Net Working Capital as of the Closing Date (the “**Estimated Net Working Capital**”). For purposes of this Agreement, “**Net Working Capital**” means (i) the sum of the Inventory, the Receivables (net of allowance for doubtful accounts), deposits, prepaid expenses and other current assets, minus (ii) the Assumed Accounts Payable, each such item as determined in accordance with GAAP applied on a basis consistent with the sound historical accounting principles, policies, procedures and practices of the Business (the “**Specified Accounting Principles**”). Seller will consult with Buyer in preparing the Estimated Closing Statement prior to delivering the Estimated Closing Statement to Buyer.

(d) On the Closing Date, Buyer will pay the Closing Purchase Amount, in cash, by wire transfer or delivery of other immediately available funds, as follows:

(i) Buyer shall deposit in escrow with Computershare Trust Company of Canada (the “**Escrow Agent**”) an amount equal to **Three Million One Hundred Fifty Thousand Canadian Dollars (CAD\$3,150,000)** (the “**Escrow Amount**”), which amount shall be held and disbursed as to fifty percent (50%) twelve (12) months after the Closing Date, as to twenty-five percent (25%) eighteen (18) months after the Closing Date and the balance twenty-four (24) months after the Closing Date in accordance with Article 7 hereof and the terms and conditions of the Escrow Agreement among Seller, Buyer and the Escrow Agent in substantially the form attached as Exhibit B attached hereto, which will provide, among other things, that all interest earned on the Escrow Amount will be paid to Seller and all fees of the Escrow Agent will be paid by Buyer (the “**Escrow Agreement**”); and

(ii) Buyer shall deliver to Seller an amount equal to the Closing Purchase Amount *minus* the Escrow Amount.

2.5 Net Working Capital Adjustment

The Closing Purchase Amount shall be adjusted after the Closing as follows:

(a) Within ninety (90) days after the Closing Date, Buyer shall cause to be prepared and delivered to Seller a balance sheet of the Business as of the Closing Date (the “**Closing Balance Sheet**”), certified by a senior executive officer of Buyer, reflecting the Net Working Capital as of the Closing Date (the “**Closing Net Working Capital**”). The Closing Balance Sheet shall be prepared in accordance with the Specified Accounting Principles.

(b) Within thirty (30) days after receipt of the Closing Balance Sheet, Seller shall advise Buyer in writing whether it agrees with the determination of the Closing Net Working Capital or whether it objects to the same. In the event of an objection, Seller shall specify in writing its objections with particularity and provide Buyer with its view as to the

proper calculation of the amount of the Closing Net Working Capital (the “**Objection Notice**”). If Seller does not provide Buyer with an Objection Notice within said thirty (30) day period, Seller shall be deemed to have accepted the Closing Balance Sheet as delivered by Buyer and the Closing Net Working Capital shall be deemed the Final Net Working Capital. Buyer shall respond in writing to Seller’s objections set forth in the Objection Notice no later than thirty (30) days after receipt thereof. Buyer and Seller shall negotiate in good faith to resolve any of the objections of Seller within (30) days after the receipt of Seller’s Objection Notice and, if such objections are resolved, the Closing Net Working Capital, with such changes as may have been previously agreed in writing by Buyer and Seller, shall be final and binding and be deemed the Final Net Working Capital.

(c) If Buyer fails to respond to Seller’s Objection Notice within said thirty (30) day period or if Buyer responds but Buyer and Seller are unable to reach an agreement with respect to all matters set forth in Seller’s Objection Notice within the thirty (30) day period after the receipt of Seller’s Objection Notice, then any amounts remaining in dispute (“**Disputed Amounts**”) will be submitted for resolution to KPMG LLP or any other impartial nationally recognized firm of independent certified public accountants, appointed by mutual agreement of Buyer and Seller (the “**Independent Accountant**”), who, acting as an expert and not arbitrator, shall resolve the Disputed Amounts and make any adjustments to the Closing Net Working Capital. Any adjustments shall be made without regard to materiality. The Independent Accountant’s decision for each Disputed Amount must be within the range of values assigned to each such item in the Closing Balance Sheet and the Objection Notice, respectively.

(d) The Independent Accountant shall make a determination as soon as practicable within 30 days (or such other time as the parties hereto will agree in writing) after its engagement, and its resolution of the Disputed Amounts and adjustments to the Closing Net Working Capital will be conclusive and binding upon Buyer and Seller, and the Closing Net Working Capital, as adjusted pursuant hereto, will become the Final Net Working Capital. The fees, costs, and expenses of the Independent Accountant shall be (i) paid by Seller if the items covered in the Objection Notice are resolved in favor of Buyer, or (ii) by Buyer, if the items covered in the Objection Notice are resolved in favor of Seller. If the items covered in the Objection Notice are resolved in part in favor of Seller and in part in favor of Buyer, such fees, costs and expenses shall be allocated between Seller and Buyer in inverse proportion as Seller and Buyer may prevail on matters resolved by the Independent Accountant, which proportionate allocations shall be determined by the Independent Accountant.

(e) The Purchase Price shall be (i) increased by the amount, if any, that the Final Net Working Capital exceeds the Estimated Net Working Capital or (ii) decreased by the amount, if any, that the Estimated Net Working Capital exceeds the Final Net Working Capital (the “**Post-Closing Adjustment**”). After determination of the Post-Closing Adjustment, any net increase in the Purchase Price under this Section 2.5(e) is referred to as a “**Purchase Price Increase**” and any net decrease in the Purchase Price under this Section 2.5(e) is referred to as a “**Purchase Price Decrease**.” To the extent there is a Purchase Price Increase, Buyer shall pay to Seller an amount equal to the Purchase Price Increase. To the extent that there is a Purchase Price Decrease, Seller shall pay Buyer an amount equal to the Purchase Price Decrease.

(f) Payment of the Purchase Price Increase or Purchase Price Decrease, as the case may be, shall (i) be due (x) within five (5) Business Days of acceptance of the Closing Balance Sheet as provided in Section 2.5(b) above or (y) if Seller delivers an Objection Notice as provided in Section 2.5(b) above, then within five (5) Business Days of the resolution described in this Section 2.5; and (ii) be paid by wire transfer of immediately available funds to such account as is directed by Buyer or Seller, as the case may be. If Buyer or Seller, as the case may be, fails to timely make such payment, such failure shall constitute a material breach of this Agreement.

2.6 Allocation of Purchase Price.

The Purchase Price (including any Post-Closing Adjustment) shall be allocated among the Acquired Assets as follows:

(a) as to the Inventory, prepaid items, and Receivables described in Sections 2.1(a), 2.1(c) and 2.1(l), respectively, an amount equal in each case to the book value thereof on the Closing Date;

(b) as to the real property described in Section 2.1(b), an amount equal to the total actual value thereof as set forth in the applicable 2013 British Columbia assessment notice, with an amount equal to the adjusted cost base of the land allocated to the land and the remaining amount allocated to the building and improvements;

(c) as to the machinery, equipment and other personal property described in Section 2.1(d), an amount equal to the book value thereof on the Closing Date;

(d) as to the Contracts, Intellectual Property, files and records, Permits, Purchase Orders, and guarantees described in Sections 2.1(e), 2.1(f), 2.1(g), 2.1(i), 2.1(j) and 2.1(k), respectively, and to all other Acquired Assets not specifically included in Sections 2.1(a) to 2.1(l), an amount in aggregate equal to \$100, and

(e) as to the goodwill described in Section 2.1(h), an amount equal to the Purchase Price less all amounts allocated under Sections 2.6(a) to 2.6(d).

Buyer and Seller agree to act in accordance with the agreed allocations in all Tax Returns for all federal or provincial income tax purposes, as applicable. Buyer and Seller agree not to take a position before any authority charged with the collection of any Taxes or in any judicial proceeding that is in any manner inconsistent with the terms of such allocation. In the event that any authority disputes the allocation, the party receiving notice of the dispute shall promptly notify the other party concerning resolution of the dispute.

2.7 Receivables Tax Election

Buyer and Seller shall jointly execute an election under section 22 of the *Income Tax Act*, and the corresponding provisions of any applicable provincial legislation, with respect to the sale of the Receivables and shall designate therein the portion of the Purchase Price allocated to such Receivables as the consideration paid by Buyer for the Receivables. Buyer and Seller shall each file such elections forthwith after the execution thereof (and, in any event, with their respective Tax Returns for the taxation year in which the Closing occurs).

2.8 Election re: Restrictive Covenant

Buyer and Seller shall jointly execute in prescribed form an election under paragraph 56.4(7)(g) of the *Income Tax Act* (Canada), if available in accordance with applicable law, with respect to the covenants given by Seller under Section 6.1 of this Agreement. Seller shall file such election, along with a copy of this agreement, on or before Seller's filing due date for the taxation year of Seller that includes the Closing Date.

ARTICLE 3

Closing: Deliveries of the Parties at Closing

3.1 The Closing.

The consummation of the transactions provided for in this Agreement (the "**Closing**"), which shall be deemed to occur at the close of business on the Closing Date, shall take place at the offices of McMillan LLP, Royal Centre, 1055 W. Georgia Street, Suite 1500, Vancouver, British Columbia, V6E 4N7, on the second Business Day following the date on which the last to be fulfilled or waived of the conditions set forth in Section 3.2 of this Agreement shall be satisfied or waived in accordance with this Agreement (other than those conditions set forth in Sections 3.2(a) through 3.2(e) and Section 3.2(h), which by their nature are to be satisfied at the Closing, but subject to the fulfillment or waiver of those conditions), provided that if such date occurs prior to January 7, 2014 then the Closing will occur on January 9, 2014, or at such other place and/or on such other date as the parties may agree. The date on which the Closing shall occur is referred to herein as the "**Closing Date.**"

3.2 Conditions Precedent to Obligation of Buyer.

The obligation of Buyer to proceed with the Closing is expressly subject to the fulfillment prior to or at Closing of the conditions precedent set forth in this Section 3.2. Any one or more of these conditions precedent may be waived, in whole or in part, in writing by Buyer at Buyer's sole option.

(a) Representations and Warranties. The representations and warranties of Seller contained in Article 4 shall be, individually and collectively, true and correct (in the case of any representation or warranty containing any materiality qualification) or true and correct in all material respects (in the case of any representation or warranty without any materiality qualification) (i) at and as of the date of this Agreement and (ii) on and as of the Closing Date as if made on the Closing Date, except to the extent that any representation or warranty is limited by its terms to a specific date or range of dates (in which case such representation or warranty need only be true and correct on the date or during the range of dates so specified).

(b) Agreements. Seller shall have performed in all material respects all of the agreements and complied with all of the provisions required by this Agreement to be performed or complied with by Seller at or before the Closing Date.

(c) Litigation. Neither Seller nor Buyer shall be (i) subject to any restraining order or injunction restraining or prohibiting the consummation of the transactions contemplated by this Agreement or (ii) have received written notice from any Governmental Entity of its intention to institute any action or proceeding seeking to restrain, enjoin, or nullify this Agreement or the transactions contemplated hereby. Neither Seller nor Buyer shall have received any claim by any Person (written or oral) asserting that any Person other than Seller (x) is the owner of the Acquired Assets, (y) has any Lien on the Acquired Assets (other than Liens disclosed in Schedule 4.10(a)(i)), or (z) is entitled to all or any portion of the Purchase Price.

(d) No Material Adverse Effect. Between the date of this Agreement and the Closing Date, no event or events shall have occurred which, individually or in the aggregate, has had or is reasonably likely to result in a Seller Material Adverse Effect.

(e) Closing Certificate. An authorized officer of Seller shall have delivered a certificate, dated as of the Closing Date, in a form satisfactory to Buyer, certifying to the fulfillment of the conditions set forth in subparagraphs (a) and (b) of this Section 3.2. The contents of that certificate shall constitute a representation and warranty of Seller as of the Closing Date and shall be deemed fully incorporated into this Agreement.

(f) Required Authorizations. Seller and Buyer shall have received each of the Consents identified on Schedule 3.2(f).

(g) Business Employees. Wade Greenall shall have entered into a consulting agreement in the form of Exhibit E hereto, between Buyer and Wade Greenall (the "**Consulting Agreement**"), and the following employees shall have accepted an offer of employment by Buyer: Patrick Sullivan, Anita Starbuck, Larry Fine, Sherry Surgeson, Darcy Klages, and Amanda Pigeon.

(h) Closing Documents. Buyer shall have received the agreements and other items referred to in Section 3.6. All certificates and other documents delivered by Seller to Buyer under this Agreement shall be in form and substance satisfactory to Buyer, acting reasonably.

3.3 Conditions Precedent to Obligation of Seller

The obligation of Seller to proceed with the Closing is expressly subject to the fulfillment prior to or at Closing of the conditions precedent set forth in this Section 3.3. Any one or more of these conditions may be waived, in whole or in part, in writing by Seller at the sole option of Seller.

(a) Representations and Warranties. The representations and warranties of each of Buyer and Parent contained in Article 5 shall be, individually and collectively, true and correct (in the case of any representation or warranty containing any materiality qualification) or

true and correct in all material respects (in the case of any representation or warranty without any materiality qualification) (i) at and as of the date of this Agreement, and (ii) on and as of the Closing Date as if made on the Closing Date.

(b) Agreements. Buyer shall have performed in all material respects all of the agreements and complied with all of the provisions required by this Agreement to be performed or complied with by Buyer at or before the Closing Date.

(c) Litigation. Neither Seller nor Buyer shall (i) be subject to any restraining order or injunction restraining or prohibiting the consummation of the transactions contemplated by this Agreement, or (ii) have received written notice from any Governmental Entity of its intention to institute any action or proceeding seeking to restrain, enjoin, or nullify this Agreement or the transactions contemplated hereby.

(d) Closing Certificate. An authorized officer of Buyer and Parent shall have delivered a certificate, dated as of the Closing Date, in a form satisfactory to Seller, certifying to the fulfillment of the conditions set forth in subparagraphs (a) and (b) of this Section 3.3. The contents of that certificate shall constitute a representation and warranty of Buyer and Parent as of the Closing Date and shall be deemed fully incorporated into this Agreement.

(e) Closing Documents. Seller shall have received the agreements and other items referred to in Section 3.7. All certificates and other documents delivered by Buyer to Seller under this Agreement shall be in form and substance satisfactory to Seller, acting reasonably.

3.4 Seller Covenants.

Seller covenants and agrees as follows:

(a) Pre-Closing Conduct of Business. Between the date of this Agreement and the Closing Date, (i) Seller will operate the Business and perform its obligations under all Contracts relating to the Business in the usual and ordinary course of business and in accordance with existing policies and past practices, except as expressly contemplated by this Agreement and (ii) Seller shall not, without the prior written consent of Buyer, take any action that if taken prior to the date of this Agreement would be required to be set forth on Schedule 4.7.

(b) Business and Goodwill. Prior to the Closing Date, Seller shall use its reasonable best efforts to preserve intact the Business, to preserve and maintain Seller's goodwill and business relationships with customers, suppliers, employees and others having business relations with it with respect to the Business, and to maintain in full force and effect and to protect and enforce, each in accordance with past practices, all Permits and Intellectual Property rights of Seller related to the Business.

(c) Insurance. Seller shall, to the best of its ability, maintain or cause to be maintained, in full force and effect, through the Closing, all of the insurance policies of or covering Seller, the Business, the Acquired Assets and the employees of the Business in effect on the date hereof, unless replaced by substantially comparable coverage. Seller shall promptly

advise Buyer in writing of any fire, accident, or other casualty or loss occurring on or before the Closing which individually or in the aggregate adversely affects the value of the Acquired Assets in an amount in excess of CAD\$100,000.

(d) Exclusive Dealing. From the date of this Agreement until the earlier of (i) the Closing Date, or (ii) the date this Agreement is terminated in accordance with Section 3.15 (the “**Exclusivity Period**”), Seller will not, and will not authorize or permit its Representatives to, (A) solicit, initiate discussions, engage in or encourage discussions or negotiations with, or enter into any agreement, including any non-disclosure agreement, with, any Person relating to or in connection with the possible acquisition or disposition of the Business or the Acquired Assets (an “**Acquisition Proposal**”); or (B) disclose any non-public information relating to the Business or the Acquired Assets or afford access to the properties, books, or records of the Business or the Acquired Assets (other than to Buyer or any of its Representatives) in connection with an Acquisition Proposal. Throughout the Exclusivity Period, upon its receipt of any Acquisition Proposal or any request for non-public information or inquiry that Seller reasonably believes could lead to an Acquisition Proposal, Seller will, and will cause its Representatives to, immediately terminate, suspend, or otherwise discontinue any and all discussions or other negotiations with respect to such offer or proposal.

(e) Access to Facilities, Files, and Records. At the reasonable request of Buyer and upon reasonable advance notice, Seller will, during normal business hours, give or cause to be given to the Representatives of Buyer (i) full access to the Facility, management personnel, property, accounts, books, deeds, title papers, insurance policies, licenses, agreements, contracts, commitments, logs, records and files of every character, related to the equipment, machinery, fixtures, furniture, vehicles and notes and accounts payable and receivable, and (ii) all such other information as Buyer may reasonably request, all as it relates to the Business; provided, however, that Seller shall not be required to permit such access or provide such information to the extent it unreasonably interferes with the operation of the Business by Seller. Buyer shall keep confidential, and use reasonable efforts to cause its Affiliates and each of their respective Representatives to keep confidential all information that is disclosed to Buyer in connection with this Agreement, except:

(i) as required by any applicable laws or administrative process (to the extent so required, in which case Buyer shall promptly notify Seller and give Seller an opportunity to oppose the disclosure) or by any securities exchange commission, stock exchange or other Governmental Entity having jurisdiction;

(ii) for information that is publicly available or becomes publicly available other than as a result of a breach of this Section; or

(iii) as reasonably necessary in connection with any claim for indemnification by Buyer under this Agreement against Seller or any claim for indemnification by Seller against Buyer Indemnifying Party or Buyer’s pursuit of remedies against any third party with respect to any such claim.

(f) **Notice of Proceedings.** Seller will promptly notify Buyer telephonically and in writing upon Seller (i) becoming aware of any order or decree or any complaint praying for an order or decree restraining or enjoining the consummation of this Agreement or the transactions contemplated hereunder, or (ii) receiving any notice from any Governmental Entity of its intention (A) to institute an investigation into, or institute a suit or proceeding to restrain or enjoin, the consummation of this Agreement or such transactions, or (B) to nullify or render ineffective this Agreement or such transactions if consummated.

3.5 Buyer Covenants.

Buyer covenants and agrees to promptly notify Seller telephonically and in writing upon Buyer (a) becoming aware of any order or decree or any complaint praying for an order or decree restraining or enjoining the consummation of this Agreement or the transactions contemplated hereunder or (b) receiving any notice from any Governmental Entity of its intention (i) to institute an investigation into, or institute a suit or proceeding to restrain or enjoin, the consummation of this Agreement or such transactions, or (ii) to nullify or render ineffective this Agreement or such transactions if consummated.

3.6 Deliveries at the Closing by Seller.

At the Closing, Seller shall deliver to Buyer:

- (a) a Bill of Sale in substantially the form of Exhibit C attached hereto (the "**Bill of Sale**"), executed by Seller;
- (b) the Assignment and Assumption Agreement, executed by Seller;
- (c) the Escrow Agreement, executed by Seller;
- (d) the Transition Services Agreement between Seller and Buyer, in substantially the form of Exhibit D attached hereto (the "**Transition Services Agreement**"), executed by Seller;
- (e) the joint tax election referred to in Section 2.7, executed by Seller;
- (f) the joint tax election referred to in Section 2.8, executed by Seller;
- (g) certified copies of resolutions, duly adopted by the Board of Directors of Seller, which shall be in full force and effect at the time of the Closing, authorizing the execution, delivery, and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby;
- (h) the certificate of an authorized officer of Seller described in Section 3.2(e);

- (i) a certificate of compliance from Industry Canada as to Seller's compliance under the *Canada Business Corporations Act* dated no more than three (3) Business Days prior to the Closing Date;
- (j) all termination statements and releases necessary or appropriate to terminate, release, and discharge any Liens (other than Permitted Liens) on or affecting the Acquired Assets;
- (k) certificates of title to all motor vehicles included in the Acquired Assets, duly endorsed for transfer to Buyer as of the Closing Date;
- (l) with respect to the Facility, a Form A – Transfer, executed by Seller and in proper form for filing with the Land Title Office;
- (m) the election referenced in Section 3.9, executed by Seller;
- (n) the tax clearance certificate described in Section 3.13; and

(o) such other documents or instruments as Buyer or its counsel may request that are reasonably required to be delivered by Seller at or prior to Closing pursuant to this Agreement or otherwise required in connection herewith (such items referred to in clauses 3.6(a) through 3.6(o), together with this Agreement are collectively referred to as the “**Seller Transaction Documents**”).

3.7 Deliveries at the Closing by Buyer.

At the Closing, Buyer shall pay the Closing Purchase Amount to Seller and deliver to Seller (and Parent guarantees payment at the Closing of the Closing Purchase Amount to Seller):

- (a) the Assignment and Assumption Agreement, executed by Buyer;
- (b) the Escrow Agreement, executed by Buyer and the Escrow Agent;
- (c) the Transition Services Agreement, executed by Buyer;
- (d) the joint tax election referred to in Section 2.7, executed by Buyer;
- (e) the joint tax election referenced in Section 2.8 executed by Buyer;
- (f) the certificate of an authorized officer of Buyer described in Section 3.3(d);

(g) certified copies of resolutions, duly adopted by the Board of Directors of Buyer, which shall be in full force and effect at the time of the Closing, authorizing the execution, delivery, and performance by Buyer of this Agreement and the consummation of the transactions contemplated hereby;

(h) a certificate from the British Columbia Registrar of Companies as to Buyer's good standing, dated no more than three (3) Business Days prior to the Closing Date;

(i) the election referenced in Section 3.9, executed by Buyer; and

(j) such other documents or instruments as Seller or its counsel may request that are reasonably required to be delivered by Buyer at Closing pursuant to this Agreement or otherwise required in connection herewith (such items referred to in clauses 3.7(a) through 3.7(j), together with this Agreement are collectively referred to as the "**Buyer Transaction Documents**").

3.8 Passage of Title.

Title to all Acquired Assets shall pass from Seller to Buyer at Closing, subject to the terms and conditions of this Agreement.

3.9 Transfer Taxes, Etc.

Buyer shall pay all transfer, documentary, sales, use, registration and other such Taxes and the related fees (including tax payable under the PSTA, tax payable under the ETA and property transfer tax) required to be paid in connection with the sale and purchase of the Business and the Acquired Assets pursuant to this Agreement. Buyer will deliver to Seller, and Seller will collect from Buyer, the amounts of any such Taxes that are to be collected by Seller under applicable laws and Seller will remit such amounts to the applicable Governmental Entity, and where applicable laws require Buyer to pay such Taxes directly to a Governmental Entity in connection with the registration of the transfer of any of the Acquired Assets Buyer will pay such Taxes as required by such applicable law. The parties shall cooperate in timely preparing and filing all Tax Returns as may be required to comply with the provisions of any applicable Tax laws relating to such Taxes. Seller shall cooperate with Buyer to minimize, to the extent permitted by law, the amount of any such Taxes and fees imposed with respect to the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, (a) the parties will, subject to the provisions of and to the extent permitted by the ETA, jointly elect under subsection 167(1) of the ETA so that no liability for GST under the ETA will be payable in respect of the purchase and sale contemplated by this Agreement, and (b) the parties will, subject to the provisions of the PSTA, cooperate to identify, in a timely manner before the Closing Date, all production machinery and equipment comprising part of the Acquired Assets and cooperate to claim the applicable production machinery and equipment exemption under the PSTA to the maximum extent possible under the PSTA.

3.10 Right to Contest.

The assumption and agreement by Buyer to pay, perform, and discharge the Assumed Liabilities shall not prohibit Buyer from contesting with a third party, in good faith and at the expense of Buyer, the amount, validity, or enforceability of any thereof.

3.11 Non-assignable Contracts.

To the extent that the assignment by Seller of any Contract or Permit included in the Acquired Assets to be assigned to Buyer pursuant to this Agreement requires Consent of any other party, and such Consent has not been, or cannot be, obtained at the time of the Closing, this Agreement shall not constitute a contract to assign the same if an attempted assignment would constitute a breach or violation thereof or would in any way adversely affect the rights of Seller (or Buyer, as assignee) thereunder. If any such Consent is required but not obtained on the Closing Date, and provided that Buyer consents in its sole and absolute discretion, Seller shall, in such case, continue to deal with the other contracting party or parties (or, with respect to Permits, Governmental Entity), with the benefits of such Contract or Permit after the Closing Date accruing to the benefit of Buyer. With respect to Contracts, Seller shall hold all moneys received thereunder for the benefit of Buyer and shall pay the same to Buyer when received. Buyer shall provide Seller with such assistance, including, but not limited to, providing the appropriate staff and assets, reasonably required by Seller in order to so continue to deal with the other contracting party or parties or Governmental Entities, as applicable. Buyer shall provide such assistance to Seller without charge to Seller; provided that, to the extent that any third party requests or requires any payment in connection with any Consent in connection with the assignment of any Contract to be assigned to Buyer pursuant to this Agreement, Seller shall be responsible for such payment. Nothing in this Section 3.11 shall be deemed a waiver by Buyer of its right to receive an effective assignment of the Acquired Assets on the Closing Date, nor shall this Section 3.11 be deemed to constitute an agreement to exclude from the Acquired Assets any Contract or Permit included in the Acquired Assets that is described in this Section 3.11.

3.12 Casualty Damage.

Notwithstanding anything else in this Agreement to the contrary, if, prior to Closing, the Acquired Assets (or any portion thereof) are damaged by fire or any other cause, the reasonable estimate of the immediate repair of which would cost more than CAD\$100,000, Buyer may, at its option, which may be exercised by written notice given to Seller within ten (10) Business Days after Buyer's receipt of notice of such loss, declare this Agreement null and void, or Buyer may close subject to (a) reduction of the Purchase Price by the amount of any applicable insurance deductible which shall be paid by Buyer and (b) assignment to Buyer of the proceeds from any insurance carried by Seller covering such loss. If, prior to Closing, the Acquired Assets (or any portion thereof) are damaged by fire or any other cause, the reasonable estimate of the repair of which would cost CAD\$100,000 or less, such event shall not excuse Buyer from its obligations under this Agreement, but the Purchase Price shall be reduced by an amount equal to the amount of such loss in excess of any insurance proceeds actually received by Buyer in connection with such loss.

3.13 Certificates of Tax Authorities.

On or before the Closing Date, Seller shall provide to Buyer a clearance certificate issued by the Ministry of Finance of British Columbia under Section 187 of the *Provincial Sales Tax Act* (BC) ("PSTA") attesting to the payment of all applicable taxes under the PSTA. If Seller

shall fail to provide such certificate, Buyer may withhold or, where appropriate, escrow such amount as determined by the Ministry of Finance of British Columbia (or, in the absence of such determination, such amount as determined by KPMG LLP taking into account information provided by Seller), to cover such Taxes until such time as the certificate is provided.

3.14 Fulfillment of Conditions and Agreements Prior to Closing.

Each party shall use commercially reasonable efforts to satisfy all of those conditions to the obligations of the other under this Article 3 that are not beyond its reasonable control on or prior to the Closing Date. Each party shall use commercially reasonable efforts to take, or cause to be taken, all action and do, or cause to be done, all things necessary, proper or advisable, including making or obtaining any and all Consents, to consummate and make effective the transactions contemplated by this Agreement, including making all filings required under applicable law. Notwithstanding the foregoing, Buyer shall not be required to take any action to comply with any legal requirement or agree to the imposition of any Governmental Entity order, judgment, or decree that would (a) prohibit or restrict the ownership or operation by Buyer of any portion of the Acquired Assets, (b) compel Buyer to dispose of or hold separate any portion of its assets, or (c) impose any limitation on the ability of Buyer to own or operate the Business.

3.15 Termination Prior to Closing.

(a) Events of Termination. This Agreement may be terminated in writing at any time prior to the Closing by: (i) the mutual consent of Buyer, on the one hand, and Seller on the other hand; (ii) Buyer, if any of the conditions specified in Section 3.2 shall not have been fulfilled (or if satisfaction becomes impossible) by January 31, 2014 and shall not have been waived by Buyer (unless the failure of the condition to be satisfied or the impossibility results primarily from Buyer breaching any representation, warranty, covenant or agreement contained in this Agreement); (iii) Seller, if any of the conditions specified in Section 3.3 shall not have been fulfilled (or if satisfaction becomes impossible) by January 31, 2014 and shall not have been waived by Seller unless the failure of the condition to be satisfied or the impossibility results primarily from Seller breaching any representation, warranty, covenant or agreement contained in this Agreement); (iv) Buyer, if a material breach of any provision of this Agreement has been committed by Seller and such breach has not been cured within 30 days of receipt by Seller of notice of such breach or waived by Buyer; and (v) Seller, if a material breach of any provision of this Agreement has been committed by Buyer and such breach has not been cured within 30 days of receipt by Buyer of notice of such breach or waived by Seller.

(b) Consequences of Termination. If this Agreement is terminated by mutual consent of Seller and Buyer, no party hereto shall have any obligation to any other party as a result of that termination. If any party terminates this Agreement for any other reason described in Section 3.15(a), Buyer, on the one hand, and Seller, on the other hand, shall be liable to the other for any material breach of this Agreement by such party which breach led to such termination. Each party shall also be entitled to any other remedy to which it may be entitled at law or in equity, including injunctive relief and specific performance, in the event of a termination of this Agreement. If the Closing does not occur on or before January 31, 2014, and no party's material breach of this Agreement was the cause of the failure to close by that date,

then no party shall have any liability to the other party under this Agreement, and this Agreement shall terminate. All rights and obligations of the parties set forth in Article 7 and Sections 8.1, 8.4, 8.5, and 8.12 shall survive termination of this Agreement.

3.16 Waiver of Site Profile.

Buyer waives any requirement under the *Environmental Management Act* (British Columbia) or any replacement legislation for Seller to provide a site profile for the Facility.

3.17 Vehicle Registration.

Upon Closing, Seller and Buyer shall take all actions necessary to transfer the registration of all registered vehicles of Seller included in the Acquired Assets to Buyer's name. Buyer will indemnify and hold harmless Seller for any liabilities arising out of any use of the vehicles prior to the transfer of the registration or Buyer's failure to transfer the registration of the vehicles to Buyer's name.

3.18 Water Act Permits.

Prior to the Closing, Seller will apply for new Permits under the Water Act or amendments to Seller's existing Permit under the Water Act required to carry on the Business in the manner currently carried on by Seller, and, after the Closing, Buyer will continue those applications or submit new applications for such Permits or amendments, as applicable.

ARTICLE 4

Representations and Warranties of Seller

Seller hereby represents and warrants to Buyer as follows:

4.1 Corporate Status; Authority.

Seller is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation. Seller is duly qualified and in good standing to do business as a corporation in each jurisdiction in which the conduct or nature of its business or the ownership, leasing or holding of its properties makes such qualification necessary, except such jurisdictions where the failure to be so qualified or in good standing, individually or in the aggregate, have not had and will not have or be reasonably expected to have a material adverse effect (a) on the condition (financial or otherwise), liabilities, prospects, properties, assets, or results of operations of the Business, taken as a whole, or (b) on the ability of Seller to perform its obligations under or to consummate the transactions contemplated by this Agreement (a "**Seller Material Adverse Effect**"). Seller has all requisite corporate power to carry on the Business as it is now being conducted, to own and operate the Business, and to enter into this Agreement, to perform its obligations hereunder and to complete the transactions contemplated hereby.

4.2 Corporate Action; Authority; Execution.

All corporate, individual, and stockholder actions and proceedings necessary to be taken by or on the part of Seller in connection with the transactions contemplated by this Agreement and the Seller Transaction Documents have been duly and validly taken, and this Agreement has been duly and validly authorized, executed, and delivered by Seller and constitutes, and each of the other Seller Transaction Documents, as applicable, will be duly and validly authorized, executed, and delivered by Seller and will constitute, the legal, valid, and binding obligations of Seller, enforceable against Seller in accordance with and subject to its terms, except as may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and by general equitable principles.

4.3 No Conflicts.

Except as disclosed in Schedule 4.3, neither the execution, delivery, and performance by Seller of the Seller Transaction Documents nor the consummation by Seller of the transactions contemplated thereby is an event that, by itself or with the giving of notice or the passage of time or both, will (a) conflict with the organizational documents of Seller, as the same may have been amended from time to time, (b) constitute a violation of, or conflict with, or result in any breach of or any default under, or constitute grounds for termination or acceleration of, any license, mortgage, indenture, lease, Contract (including the Assumed Contracts), agreement or instrument to which Seller is a party or by which it is bound or result in the creation of any Lien (other than a Permitted Lien) upon any of the Acquired Assets, (c) violate (i) any judgment, decree, or order or (ii) any statute, rule, or regulation, in each such case, applicable to Seller or the Business, or (d) require Seller to obtain any Consent of any Person. Except as disclosed in Schedule 4.3, the execution, delivery, and performance by Seller of this Agreement, and the consummation by Seller of the transactions contemplated hereby, requires no action by or in respect of, or filing with, any Governmental Entity.

4.4 Equity Interests/Subsidiaries.

The Acquired Assets do not include, directly or indirectly, any capital stock of or other equity interests in any corporation, partnership, limited liability company, limited liability partnership or other Person, and Seller, on behalf of or with respect to the Business, is not a member of or participant in any partnership, joint venture, limited liability company, limited liability partnership or similar Person.

4.5 Books and Records.

The books, records, accounts and related records of Seller maintained with respect to the Business, as previously made available to Buyer and/or its Representatives, accurately and fairly present the actual, bona fide transactions and the Acquired Assets and liabilities of Seller with respect to the Business and have been maintained in accordance with sound business practices, including the maintenance of adequate internal controls. Seller has not engaged in any transaction with respect to the Business or used any of the funds of Seller in the conduct of the Business except for transactions and funds which have been and are reflected in the normally maintained books and records of the Business.

4.6 Financial Statements.

(a) Seller has delivered to Buyer true, correct and complete copies of the following financial statements: (a) the balance sheet as of, and related statements of income for the fiscal years ended on, December 31, 2011 and 2012, in each case with respect to the Business, and (b) the balance sheet as at September 30, 2013 (the "**Reference Balance Sheet**") and the date of such Reference Balance Sheet, the "**Reference Balance Sheet Date**") and the related statement of income with respect to the Business for the period then ended (collectively, the "**Financial Statements**"). The Financial Statements have been prepared based on the books and records of Seller, which books and records are complete and accurately reflect all transactions involving the Business. The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the periods covered (except for absence of footnote disclosure) and fairly present in all material respects the financial position of Seller with respect to the Business as of the dates and the results of operations of the Business for the periods specified. The Estimated Closing Statement, when delivered, shall accurately reflect Seller's good-faith estimate of the Estimated Net Working Capital, as required by Section 2.4(c).

(b) Seller has no material liabilities or obligations (whether pursuant to a Contract or otherwise) of any kind whatsoever with respect to the Business (whether accrued, contingent, absolute, determined, determinable or otherwise) except: (i) those reflected or reserved against on the Reference Balance Sheet, (ii) those of the same nature as those set forth on the Reference Balance Sheet that have arisen in the ordinary course of business of Seller thereafter, and (iii) those arising under the Benefit Plans (the "**Post-Balance Sheet Liabilities**"). All Post-Balance Sheet Liabilities are consistent in amount and character with past practice and experience. No Post-Balance Sheet Liability has had or could reasonably be expected to have a Seller Material Adverse Effect.

4.7 Absence of Certain Changes or Events.

Since the Reference Balance Sheet Date, Seller has used its reasonable best efforts consistent with past practice to preserve the Business and Seller's relationships with customers, suppliers, lenders, creditors, employees, licensors, licensees, distributors and others with whom the Business has a business or financial relationship, and, as of the date hereof, no such Person or group of Persons having a business or financial relationship with the Business has informed any employee of Seller that such Person intends to change or discontinue such relationship. Since the Reference Balance Sheet Date, the Business has been conducted in the ordinary course consistent with past practice (including with respect to the collection of Receivables, payment of payables and other liabilities, advertising activities, sales practices (including promotions, discounts and concessions), capital expenditures and inventory levels, and contributions to or accruals to or in respect of Benefit Plans (as defined herein)). Since the Reference Balance Sheet Date there has not occurred with respect to the Business:

(a) any event, occurrence, or development which, individually or in the aggregate, has had a Seller Material Adverse Effect or, the knowledge of Seller, any event, occurrence, or development which, individually or in the aggregate, is reasonably likely to have a Material Adverse Effect;

(b) any damage (other than ordinary wear and tear), destruction or loss not fully covered by insurance;

(c) any sale or other disposition of, or Lien upon any Acquired Assets, except (i) sales of assets of the Business made in the ordinary course of business and in manner consistent with past practice and (ii) dispositions of obsolete or worthless assets of the Business;

(d) any increase in the wage, salary, commission or other compensation (other than routine increase granted in the ordinary course of business and consistent with past practice) payable or to become payable by Seller to any of the employees of the Business, or any change in existing, or creating of any new, insurance or other plan under which Seller provides benefits to such employees;

(e) any release or waiver by Seller of any claim or right with respect to the Business;

(f) any violation, termination or amendment of any Material Contract;

(g) any purchase, lease, license or other acquisition of any assets used in the Business, except in the ordinary course of business consistent with past practice;

(h) any revaluation by Seller of any of Seller's assets with respect to the Business, including any writing down of the value of Inventory;

(i) any failure to replenish the Business's inventories and supplies in the normal and customary manner in the ordinary course of business consistent with past practice, any failure to pay the Business's creditors or to collect debt or obligations owed to the Business, or any change in selling or pricing practices of the Business inconsistent with prior practice; or

(j) any contract or agreement to take any of the actions described in clauses (a) through (i) above.

4.8 Licenses, Permits and Authorizations.

Schedule 4.8 lists and describes all Permits that are currently held by Seller, which, except as disclosed in Schedule 4.8, are all the Permits required for the conduct of the Business. Such Permits are not subject to any restrictions or conditions that would limit the operation of the Business, and, except as disclosed in Schedule 4.8, there are no applications by Seller or complaints by others pending or threatened before any Governmental Entity relating to any Permits or authorizations involving the Acquired Assets, the Business or, to the extent it relates to the Acquired Assets or the Business, Seller.

4.9 Assets Used in the Business.

Except as disclosed in [Schedule 4.9](#), the Acquired Assets constitute all of the assets or property used or held for use in the Business necessary to conduct the Business as the same is now being conducted in all respects.

4.10 Acquired Assets.

(a) Seller has good and valid title to all Acquired Assets, except those sold or otherwise disposed of in the ordinary course of business consistent with past practice and not in violation of this Agreement, in each case, free and clear of all Liens of any kind except (i) such as are set forth on [Schedule 4.10\(a\)\(i\)](#), (ii) mechanics', carriers', workmen's, repairmen's or other like Liens arising or incurred in the ordinary course of business consistent with past practice, (iii) inchoate and unasserted Liens for Taxes, assessments, governmental charges or claims that are not yet delinquent and that will not attach to the Acquired Assets or the Business as of the Closing, and in respect of which Buyer will not be or become liable, and (iv) the reservations, exceptions, limitations, provisos and conditions in any original grants from the Crown of any of the real property included in the Acquired Assets and statutory exceptions to title (such Liens, encumbrances and imperfections of title described in clauses (i), (ii), (iii) and (iv) are hereinafter referred to collectively as "**Permitted Liens**"). [Schedule 4.10\(a\)](#) sets forth a list of all personal property owned by Seller and used or held for use in connection with the Business having a book value in excess of \$50,000.

(b) All the tangible Acquired Assets required for the operation of the Business listed in [Schedule 4.10\(b\)](#) are in good working condition, except as disclosed in [Schedule 4.10\(b\)](#). All leased personal property used or held for use in the Business is in all respects in the condition required of such property by the terms of the lease applicable thereto during the term of the lease and upon the expiration thereof.

4.11 Real Property.

(a) Except for the Facility and except as disclosed in [Schedule 4.11\(a\)](#), there is no other real property currently owned, occupied, used or leased by Seller with respect to the Business. [Schedule 4.11\(a\)](#) identifies the correct legal description of the Facility. [Schedule 4.11\(a\)](#) separately identifies all real property previously owned, used or leased by Seller or in which Seller had an interest with respect to the Business.

(b) Seller is the owner of and has good, marketable and exclusive legal and beneficial fee simple title to the Facility, free and clear of all Liens, other than Permitted Liens. There exists no outstanding option, right of first refusal or other contractual right to purchase, sell, assign or dispose of the Facility. No part of the Facility is encumbered by any lease or license, oral or written, and there are no parties in possession of any part of the Facility (including any of the buildings, structures and improvements thereon).

(c) All structures and other improvements on the Facility are within the lot lines and do not encroach on the properties of any other person. Except as disclosed in [Schedule 4.11\(c\)](#),

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the current use and operation of the Facility materially conforms to all applicable building, zoning, safety and subdivision control laws, and other laws and all restrictive covenants and restrictions and conditions affecting title without resort to any legal principle of legal non-conforming use or similar concept. Seller has not received any written or oral notice of assessments for public improvements against the Facility or any written or oral notice or order by any Governmental Entity, insurance company or board of fire underwriters or other body exercising similar functions that: (i) relates to violations of building, safety or fire codes, by-laws, ordinances or regulations; (ii) claims any defect or deficiency with respect to the contents of or any other aspects of the Facility; or (iii) requests the performance of any repairs, alterations or other work to or in the Facility or in any streets bounding the Facility. There is no pending or, to the knowledge of Seller, threatened condemnation, expropriation, eminent domain or similar proceeding affecting all or any portion of the Facility. All public utilities (including gas, electric, and telephone utilities) required to operate the Facility are available to the Facility. The Facility has access to a public road. Except as disclosed in [Schedule 4.11\(c\)](#), Seller has all business occupancy licenses, permits and other Permits necessary for current use and operation of the Facility.

(d) Except as disclosed in [Schedule 4.11\(d\)](#): (i) Seller has received no notice from the Agricultural Land Commission with respect to its use of the Facility, any alleged or actual contravention under the *Agricultural Land Commission Act* and the regulations thereto (the “**ALC Act**”) or the consent granted by the Agricultural Land Commission, known as Resolution #713/83, dated May 10, 1983, with respect to the operation of the Facility and the Business thereon (the “**ALC Consent**”) related to its operation of the Facility, or any revocation, modification or amendment to the terms of the ALC Consent, and (ii) Seller has made no application to the Agricultural Land Commission with respect to the Facility other than the application resulting in the ALC Consent.

(e) Except as disclosed in [Schedule 4.11\(e\)](#): (i) Seller has received no notice from the Archeology Branch of the Ministry of Forests, Lands and Natural Resource Operations with respect to the archaeological site designation on the Facility, any alleged or actual contravention under the *Heritage Conservation Act* and the regulations thereto (the “**HCA**”) related to its operation of the Facility, or any changes required to the Facility or the Business currently operated thereon pursuant to the HCA.

4.12 [Inventory](#).

(a) The Inventory is valued on the books and records of Seller at the lower of cost or market. All of the finished goods Inventory is in good, merchantable, and usable condition and is salable in the ordinary course of business within a reasonable period of time and at normal profit margins. All of the raw materials and work-in-progress Inventory of Seller can reasonably be expected to be consumed in the ordinary course of business within a reasonable period of time. Except as disclosed in [Schedule 4.12](#), none of the Inventory is obsolete, slow-moving, has been consigned to others or is on consignment from others.

(b) All ties included in the Inventory, other than ties categorized by Seller in the Inventory as softwood export ties, that are ready for sale are properly categorized in accordance with the Railway Tie Association Grading Specifications and non-processed or green ties will be of similar grade distribution.

4.13 Intellectual Property.

(a) Seller has all rights to the Intellectual Property necessary in connection with the Business as it is presently being conducted without payment to any other person, and the consummation of the transactions contemplated hereby will not conflict with, alter, or impair any such rights. Except as disclosed Schedule 4.13(a) the Intellectual Property is all the intellectual property necessary for the operation of the Business.

(b) Seller has not granted any licenses or contractual rights relating to the Intellectual Property included in the Acquired Assets, and Seller is not bound by or a party to any Contracts of any kind relating to the Intellectual Property included in the Acquired Assets of any other Person, except for agreements relating to computer software licensed to Seller in the ordinary course of business consistent with past practice. Seller warrants that all Intellectual Property listed on Schedule 4.13(a) is free and clear of the claims of others and of all Liens whatsoever other than those listed in Schedule 4.10(a)(i). To the knowledge of Seller, the conduct of the Business as it is presently being conducted does not violate, conflict with or infringe the intellectual property of any other Person. No claims are pending or, to the knowledge of Seller, threatened against Seller by any Person with respect to the ownership, validity, enforceability, effectiveness or use of any of the Intellectual Property and Seller has not received any communications alleging that Seller has violated any rights relating to the intellectual property of any Person in relation to the Business or the Acquired Assets.

4.14 Labor and Employee Benefit Matters.

(a) Except as disclosed in Schedule 4.14(a), Seller has no Contracts of employment with any employee of the Business, Seller is not a party to or subject to any collective bargaining agreements with respect to the Business and there are no strikes, collective bargaining disputes, work stoppages, boycotts, or picketing activities pending or, to the knowledge of Seller, threatened against Seller with respect to the Business. Set forth on Schedule 4.14(a) is a true and complete list of all employees of the Business as of the Closing Date, in each case with their job titles, age, length of service, benefits, bonus entitlement, and compensation. Schedule 4.14(a) also identifies any employee who is on leave of absence together with the reason for such employee's leave and such employee's expected date of return to work. Schedule 4.14(a) also identifies any employees who, have stated that they will resign or retire or cease to provide work or services as a result of the sale of the Acquired Assets to Buyer. Seller has materially complied with, and is in material compliance with, all federal, provincial and local laws, rules and regulations with respect to employment, employment or labor standards, terms and conditions of employment, wages and hours, workplace health and safety, collective bargaining, employment discrimination, sexual harassment, worker's compensation or workplace safety and insurance, human rights, occupational health and safety, and the payment or withholding of employment or unemployment insurance, Canada Pension Plan and other Taxes, and there are no actions, suits, charges, complaints, grievances, proceedings, investigations or audits pending or, to the knowledge of Seller, threatened against Seller with respect to the Business in connection therewith.

(b) Since the year ended December 31, 2012, no payments have been made or authorized to employees, contractors, consultants or agents of the Business except at regular rates of remuneration and in the ordinary course of business. There are no outstanding loans or advances made or granted by Seller to any employee, contractor, consultant or agent of the Business, except for travel advances made to employees in the ordinary course of business.

(c) [Schedule 4.14\(c\)](#) contains a true, correct and complete list of each pension, profit-sharing, savings, retirement, severance pay, termination and severance, incentive compensation, deferred compensation, bonus, share purchase, share option, share appreciation, phantom share or other equity-based compensation, vacation, sick leave, disability, death benefit, group insurance, health, welfare, hospitalization, medical, dental, life (including all individual life insurance policies with respect to the Business to which Seller is the owner, the beneficiary or both), employee loan, educational assistance or fringe plan, program, policy, practice, contract or arrangement, whether written or oral, formal or informal, funded or unfunded, insured or self-insured, registered or unregistered, and any other employee benefit plan, program, policy, practice, agreement, or arrangement (including any funding mechanism therefor now in effect), general policy, procedure and work-related rules in effect with respect to the employees, whether written or oral, including policies relating to holiday, sick leave, vacation, overtime, disability and death benefits, automobile allowances and rights to company-provided automobiles and expense reimbursements (i) under which any current employee, consultant or independent contractor of the Business has any present or future right to benefits, (ii) that is maintained, sponsored or contributed to by Seller with respect to the Business, or which Seller has any obligation to maintain, sponsor or contribute to with respect to the Business, or (iii) with respect to which Seller has any direct or indirect liability, whether contingent or otherwise, in connection with the Business (each, a “Benefit Plan”), other than benefit plans that Seller is required by statute to participate in respect of an employee or any beneficiary or dependent thereof, including the Canada Pension Plan and plans established pursuant to applicable health, Tax, workplace safety insurance, workers’ compensation and employment insurance legislation.

(d) Seller has provided to Buyer with respect to each applicable Benefit Plan true, correct and complete copies of all the Benefit Plans as amended, together with the current summary plan descriptions, provided to employees of the Business. Except as disclosed in [Schedule 4.14\(d\)](#), no changes have occurred or, other than the transactions contemplated in this Agreement, are expected to occur which would materially affect the information contained in the summary plan descriptions provided to Buyer pursuant to this provision.

(e) Seller has made all contributions and paid all premiums in respect of the Benefit Plans listed in [Schedule 4.14\(e\)](#) in a timely fashion in accordance with the terms of each Benefit Plan and applicable laws. Seller has paid in full all contributions and premiums in respect of each Benefit Plan listed in [Schedule 4.14\(e\)](#) for the period up to the Closing Date or has made full and adequate disclosure of and provision for such contributions and premiums in its books and records, and the amount of such contributions and premiums as of the Closing Date shall be set forth on the Estimated Closing Statement.

(f) There has been no additional periodic actuarial valuations by the Trustees under the Interior Lumbermen's Pension Plan (the "ILPP") that require additional contributions to the ILPP. Seller has no current liability, contingent or otherwise, in relation to the ILPP, including but not limited to any funding deficit. To the knowledge of Seller the ILPP has been registered, funded, invested and administered in accordance with the terms of the ILPP and the documents that support the ILPP and material compliance with all applicable laws.

4.15 Litigation.

Schedule 4.15 sets forth an accurate and complete list of pending lawsuits or claims with respect to which Seller has been contacted against or affecting the Acquired Assets, the Assumed Liabilities, the Business or arising out of the Business. (a) None of the lawsuits or claims listed on Schedule 4.15 has had or will be reasonably expected to have, individually or in the aggregate, a Seller Material Adverse Effect, (b) to the knowledge of Seller, there are no unasserted or threatened claims that, if asserted in writing, would be required to be disclosed on Schedule 4.15, (c) Seller is not a party or subject to or in default under any judgment, order, injunction, or decree of any Governmental Entity or arbitration tribunal affecting the Acquired Assets, (d) there is no lawsuit or claim by Seller pending, or which Seller intends to initiate, against any other Person, and (e) there is no pending or, to the knowledge of Seller, threatened investigation of or affecting the Acquired Assets or the Business by any Governmental Entity.

4.16 Brokers.

Except for Capital West Partners, (a) there is no investment banker, broker or finder or other Person who will have any valid claim against Seller for a commission or brokerage fee in connection with this Agreement or the transactions contemplated hereby as a result of any agreement of, or action taken by, Seller and (b) Seller has no knowledge of, and has taken no action which would give rise to, any claim for a broker's or finder's fee to be paid by Buyer in connection with the consummation of the transactions provided for in this Agreement.

4.17 Contracts.

Schedule 4.17 hereto contains a complete and accurate list of all Contracts related exclusively to the Business of the types described below to which Seller is currently a party or with respect to which Seller is otherwise bound, other than Contracts relating to the Benefit Plans ("**Material Contracts**") and, in the case of those Material Contracts referred to in Sections 4.17(a), (c), and (f)-(g), "**Acquired Material Contracts**"):

(a) Contracts with any customer or supplier (including those related to supply of logs and other raw materials) all engineering service contracts, and contracts with any agent, advertiser, consultant, advisor, sales representative, distributor, sales agent or dealer involving an exchange of consideration with an aggregate value greater than CAD\$100,000;

(b) Contracts including covenants not to compete or similar restrictions on the Business;

(c) Contracts with any Governmental Entity;

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(d) agreements, Contracts or other instruments under which Seller has borrowed any money from, or issued any note, bond, debenture or other evidence of indebtedness to, any Person or any other note, bond, debenture or other evidence of indebtedness issued to any Person;

(e) pledges, security agreements, financing statements or other documents granting a Lien on any of the Acquired Assets (other than Permitted Liens);

(f) Contracts under which Seller is lessee of, or holds or operates, any machinery, equipment, vehicle or other tangible personal property owned by a third party and used in the Business;

(g) any other Contract, whether or not made in the ordinary course of business, which is material to the Business or the termination of which has had or may have a Seller Material Adverse Effect.

Neither Seller nor, to Seller's knowledge, any other party is (with or without the lapse of time or the giving of notice or both) in default in any respect under any Acquired Material Contract. Seller has made available to Buyer true and complete copies of all Acquired Material Contracts. Each Acquired Material Contract is in full force and effect and constitutes a legal, valid and binding obligation of Seller, and, to Seller's knowledge, the other parties thereto, enforceable in accordance with its terms except as may be limited by bankruptcy or other laws affecting creditors' rights and by equitable principles. Seller has not received any notice (written or oral) of the intention of any party to terminate or fail to renew any Acquired Material Contract.

4.18 Compliance with Laws.

Except as disclosed in Schedule 4.18, the operations of the Business are not now being conducted and have not been conducted in violation in any material respects of any applicable law, ordinance, statute, rule or regulation of any Governmental Entity. Seller has not received any notice from any Governmental Entity that the operations of the Business are being conducted in violation of any applicable law, ordinance, statute, rule or regulation of any Governmental Entity, or of any investigation or review pending or threatened by any Governmental Entity investigating or reviewing any alleged violation.

4.19 Environmental Matters.

With regard to the Facility:

(a) Compliance. Except as disclosed in Schedule 4.19 or in the documents listed in Schedule 4.19, to the knowledge of Seller: (i) the Business Assets are, and are operating, in compliance in all material respects with, and have been in consistent compliance with, all Environmental Law and Environmental Permits relating to or otherwise affecting, applicable to, or governing the operations and ownership of the Business Assets, (ii) within the last five (5) years, Seller has not received any notice of violation or claim or assertion of any type from any Governmental Entity or other person or entity that any of the Business Assets, or any associated operation, is not in compliance with any Environmental Law or Environmental Permits, and (iii) there are no existing conditions which interfere or prevent compliance with Environmental Law and Environmental Permits;

(b) **Permits.** Except as disclosed in [Schedule 4.19](#) or in the documents listed in [Schedule 4.19](#), (i) Seller holds all Environmental Permits and all such Permits are listed in [Schedule 4.19](#), (ii) all such Environmental Permits are in full force and effect and in good standing with all applicable fees having been paid, (iii) Seller will not take any action to amend, suspend, cancel or terminate any such Environmental Permits held by Seller between the date hereof and the Closing, (iv) Seller has kept all records and made all reports and filings required by such Environmental Permits, (v) there are no pending or, to the knowledge of Seller, threatened, appeals, disputes, actions or proceedings which may result in the cancellation, suspension, revocation or modification of any such Environmental Permit, (vi) to the knowledge of Seller, there are no facts, circumstances or conditions which exist which currently provide grounds for the appeal, suspension, revocation, cancellation or adverse modification of any such Environmental Permit, and (viii) the transactions contemplated by this Agreement will not result in circumstances or conditions which would allow, or be reasonably expected to result in, any material alteration or impairment of any such Environmental Permit. Seller agrees to cooperate with the transfer to Buyer of those Environmental Permits which must be held by the owner or operator of the Business Assets, to the extent the same are assignable.

(c) **Liabilities.** Except as disclosed in [Schedule 4.19](#) or in the documents listed in [Schedule 4.19](#), to the knowledge of Seller, Seller is not subject to any Environmental Liability relating to any of the Business Assets or required to take Environmental Remedial Action relating to any of the Business Assets and there are no conditions which will result in Environmental Liability or the need for Environmental Remedial Action. Without limiting the foregoing, except as disclosed in [Schedule 4.19](#) or in the documents listed in [Schedule 4.19](#), to the knowledge of Seller, Seller is not subject to and has not received notice from any Governmental Entity of, any demand or requirement for, Environmental Remedial Action or any actual or potential Environmental Liability pending against Seller or in relation to any of the Business Assets including: (i) the violation or noncompliance with any Environmental Law or Environmental Permit, (ii) the ownership or operation of any of the Business Assets, or any condition at, the Facility, (iii) the Release, threatened Release or presence of any Hazardous Materials from, at, on or under the Facility or otherwise in connection with the Business Assets, (iv) any management, transportation, disposal, storage or treatment of any Hazardous Material by Seller conducted in relation to the Facility or the Business Assets, (v) any Release by Seller of any Hazardous Material on or at any other property relating to any of the Business Assets, and (vi) any Environmental Remedial Action required to be taken by Seller relating to any of the Business Assets.

(d) **Release of Hazardous Materials.** Except as disclosed in [Schedule 4.19](#) or in the documents listed in [Schedule 4.19](#), to the knowledge of Seller, there is and has been no Release of a Hazardous Material to the Environment at, on, under, migrating from, or related to any of the Business Assets in material violation of any Environmental Law or Environmental Permit. Except as disclosed in [Schedule 4.19](#) or in the documents listed in [Schedule 4.19](#), to the knowledge of Seller, there are no Hazardous Materials present in the Environment at, or under the Facility, in violation of any Environmental Law or Environmental Permit.

(e) Storage Tanks. Except as disclosed in [Schedule 4.19](#) or in the documents listed in [Schedule 4.19](#), to Seller's knowledge, there are not now and have not been, any underground storage tanks on or at the Facility. To Seller's knowledge, all existing storage tanks on or at the Facility have been properly maintained, tested and monitored in compliance with applicable Environmental Law and Environmental Permits.

(f) Environmental Liens. No Lien has attached to any of the Business Assets pursuant to any Environmental Law and, to Seller's knowledge, no event or circumstance exists or will exist before the Closing that will give rise to a Lien following the Closing.

(g) Asbestos and PCBs. To the knowledge of Seller, all regulated asbestos containing material and PCBs on, in or at the Facility have been identified and are being managed in compliance with applicable Environmental Law. Seller has provided Buyer with copies of all asbestos management plans and compliance records of Seller relating to the Facility for PCBs and asbestos.

(h) Claims and Notices. Except as disclosed in [Schedule 4.19](#) or in the documents listed in [Schedule 4.19](#), Seller has not received a notice of, and Seller has no knowledge of any, violation, request for information, notice, demand or other communication of any type that states or alleges that Seller or any person or entity associated with Seller, is or may be potentially responsible, in whole or in part, with respect to any alleged non-compliance with Environmental Law or any Environmental Permit or for any Environmental Liability or Environmental Condition or Environmental Remedial Action arising out of or related to any of the Business Assets. Except as disclosed in [Schedule 4.19](#) or in the documents listed in [Schedule 4.19](#), there are no pending, or to the knowledge of Seller threatened, demands or claims related to an Environmental Remedial Action or Environmental Liability or other claim by or against Seller or its agents under any Environmental Law or in relation to any Environmental Permit which arises out of or relates to any of the Business Assets.

(i) Reports. Seller has made available to Buyer complete and correct copies of all studies, reports, surveys, assessments, audits, investigations, analysis and test results, in each case that is material and that is in final form (whether in hard copy or electronic form) and in Seller's control or possession regarding the presence or alleged presence of Hazardous Material at, on or affecting any of the Business Assets, or regarding Seller's compliance with any Environmental Law or Environmental Permits in relation to any of the Business Assets.

Buyer acknowledges that this Section 4.19 contains the sole representations and warranties made by Seller with respect to the Environmental Condition of, or any Environmental Liability related to, the Business or any of the Business Assets or any other lands or waters any interest in which is included in the Acquired Assets or over which the Business is or has been operated and all other representations and warranties of Seller set out in this Article 4 or elsewhere in this Agreement or in any agreement, document or instrument delivered at Closing are deemed to, and will be construed to, exclude such matters.

4.20 Taxes.

(a) Seller has filed on a timely basis all Tax Returns that are or were required to be filed by it under applicable laws the failure of which to file will result in a Lien (other than a Permitted Lien) against any of the Acquired Assets and all such Tax Returns were correct and complete in all material respects and have been prepared in accordance with applicable laws. Seller has paid all Taxes that have been required to be paid, and made all withholdings required to be withheld, under applicable laws, including those shown due on the Tax Returns filed by it or under any assessment received as an adjustment to such Tax Returns the failure of which to pay would result in a Lien (other than a Permitted Lien) against any of the Acquired Assets. No claim has been made by a taxing authority of a jurisdiction where Seller does not file Tax Returns that it is or may be subject to taxation in that jurisdiction or that it is or may be required to file a Tax Return with a taxing authority in that jurisdiction, with respect to items relevant to the Business. There are no assessments, reassessments, actions, suits, proceedings, investigations, matters under discussion, audits, claims pending or, to the knowledge of Seller, threatened or anticipated against Seller in respect of Taxes, that may result in a Lien for Taxes upon any of the Acquired Assets or any liability whatever (other than Assumed Liabilities) in respect of such Taxes to Buyer.

(b) There are no Liens or encumbrances for Taxes upon any of the Acquired Assets, and no event has occurred that, with the passage of time or the giving of notice or otherwise, will result in a Lien or encumbrance for Taxes upon any of the Acquired Assets.

(c) Seller is registered for purposes of the ETA and its registration number is 105306500 RT0001.

(d) Definitions: For purposes of this Agreement,

(i) “GST” means Taxes imposed under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder; and “ETA” means such *Act* and regulations.

(ii) “Taxes” means any income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental, windfall profit, customs, vehicle, airplane, boat, vessel or other title or registration, capital stock, franchise, employee or other withholding, foreign or domestic withholding, social security, employment insurance, disability, real property, personal property, sales, use, transfer, value added, including GST, alternative, add-on minimum or other tax, fee, assessment, levy, tariff, charge or duty of any kind whatsoever and any interest, penalty, addition or additional amount thereon imposed, assessed or collected by or under the authority of any Governmental Entity or payable under any tax-sharing agreement or other contract, whether disputed or not, and including any obligation to indemnify or otherwise assume or succeed to the Tax liability of any other person or payable under any tax-sharing agreement or any other contract.

(iii) “Tax Return” means any return (including any information return), report, statement, schedule, notice, form, declaration, claim for refund or other document or information filed with or submitted to, or required to be filed with or submitted to, any

Governmental Entity in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any law relating to any Tax.

4.21 Insurance.

(a) Seller maintains policies of fire and casualty, liability and other forms of insurance with respect to the Business in such amounts, with such deductibles and against such risks and losses, as Seller considers to be appropriate for the Business.

(b) All such policies are in full force and effect, all premiums due and payable thereon have been paid (other than retroactive or retrospective premium adjustments that are not yet, but may be, required to be paid with respect to any period ending prior to the Closing Date), and no notice of cancellation or termination has been received with respect to any such policy which has not been replaced on substantially similar terms prior to the date of such cancellation. There has been no gap in insurance coverage for any risks covered by the insurance policies for the past three (3) years.

4.22 Transactions with Affiliates.

Except as disclosed in Schedule 4.22, there are no Contracts or transactions involving the provision of any labor, materials, equipment, inventory, products, goods or services (a) to the Business by Seller or any Affiliate of Seller, (b) by the Business to Seller or any Affiliate of Seller. No director, officer, or shareholder of Seller is, and Seller is not aware of any employee of Seller who is a competitor, supplier, customer, or lessor or lessee of the Business or is a director, officer, employee, Representative or stockholder (excluding a less than 3% ownership of shares of a publicly held corporation) of any of the foregoing.

4.23 Customer and Supplier Relations.

Except as disclosed in Schedule 4.23, to the knowledge of Seller, there exists no condition or state of facts or circumstances involving customers, suppliers, distributors, or sales representatives of the Business that would reasonably be expected to adversely affect the Acquired Assets or the Business after the Closing Date. Seller does not have any outstanding dispute with any customer or supplier with respect to the Business that has been communicated orally or in writing to Seller, and Seller has not received any oral or written notice from any customer or supplier that such customer or supplier, as applicable, will not continue as a customer or supplier, respectively, of the Business after the Closing or that such customer or supplier intends to terminate or materially modify existing agreements with Seller with respect to the Business or the Acquired Assets, as applicable.

4.24 Product Liability; Warranties.

(a) Each product manufactured, sold, leased, distributed or delivered by Seller in connection with the Business has complied with all applicable contractual commitments and all express and implied warranties. Seller does not have any liability for the repair or replacement thereof. No product manufactured, sold, leased, distributed or delivered by Seller in

connection with the Business is subject to any guaranty, warranty or other indemnity beyond the applicable standard terms and conditions of sale or lease and an implied warranty that it will be of the grade that was ordered by the customer. Seller does not have any express warranty under which it has any warranty obligations, and Seller has not had any product warranty claims in excess of CAD\$50,000 related to the Business over the past five (5) years.

(b) Seller does not have any liability and, to Seller's knowledge, there is no basis for any present or future liability, arising out of any injury to individuals or property as a result of the ownership, possession or use of any product manufactured, sold, leased, distributed or delivered by Seller in connection with the Business. Schedule 4.24(b) sets forth all product liability claims in excess of CAD\$50,000 related to the Business for the past five (5) years.

4.25 Solvency: Post-Closing Financial Condition of Seller.

Seller is not now insolvent and will not be rendered insolvent by any of the transactions contemplated by this Agreement. As used in this section, "insolvent" means that the sum of the debts and other probable liabilities of Seller exceeds the present fair saleable value of Seller's assets. Immediately following the Closing Date, (i) Seller will be able to pay its liabilities as they become due in the usual course of its business; (ii) Seller will not have unreasonably small capital with which to conduct its present or proposed business; (iii) Seller will have assets (calculated at fair market value) that exceed its liabilities; and (iv) Seller will have and maintain adequate financial resources to pay, perform, and fully discharge all of the Excluded Liabilities and all of Seller's obligations set forth in this Agreement, including, without limitation, those obligations set forth in Article 7 hereof.

4.26 Accounts Receivable.

Schedule 4.26 identifies all Receivables of Seller included in the Acquired Assets on an aged basis by account debtor. All Receivables arose from bona fide sale or service transactions of Seller. No portion of any Receivables is subject to any counterclaim, defense, or set-off, or is otherwise in dispute. Except to the extent of any reserve for doubtful accounts set forth in the books and records of Seller, which is reasonably estimated to reflect the probable result of collection, to the knowledge of Seller all Receivables are collectible in the ordinary course of Business, without set-off.

4.27 Disclosure.

To the knowledge of Seller, no representation, warranty or covenant made by Seller in this Agreement contains an untrue statement of a material fact or omits to state a material fact required to be stated herein or therein or necessary to make the statements contained herein not misleading.

ARTICLE 5

Representations and Warranties of Buyer and Parent

Each of Buyer and Parent represents and warrants to Seller as follows:

5.1 **Corporate Status; Authority.**

Each of Buyer and Parent is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation. Each of Buyer and Parent is duly qualified and in good standing to do business as a corporation in each jurisdiction in which the conduct or nature of its business or the ownership, leasing or holding of its properties makes such qualification necessary, except such jurisdictions where the failure to be so qualified or in good standing, individually or in the aggregate, have not had and will not have or be reasonably expected to have a material adverse effect on the ability of Buyer or Parent, respectively, to perform its obligations under or to consummate the transactions contemplated by this Agreement (a "**Buyer Material Adverse Effect**"). Each of Buyer and Parent has all requisite power to carry on its business as it is now being conducted, to own and operate such business, and each of Buyer and Parent has all requisite power to enter into this Agreement, to perform its obligations hereunder and to complete the transactions contemplated hereby.

5.2 **Corporate Action.**

All corporate proceedings necessary to be taken by or on the part of Buyer and Parent in connection with the transactions contemplated by this Agreement and the Buyer Transaction Documents have been duly and validly taken, and this Agreement has been duly and validly authorized, executed and delivered by each of Buyer and Parent and constitutes, and each of the other Buyer Transaction Documents, as applicable, will be duly and validly authorized, executed and delivered by Buyer or Parent and will constitute, the legal, valid and binding obligations of Buyer or Parent, enforceable against Buyer or Parent, respectively, in accordance with and subject to its terms, except as may be limited by bankruptcy, insolvency, reorganization, or other laws affecting creditors' rights generally and by general equitable principles.

5.3 **No Conflicts.**

Neither the execution, delivery and performance by Buyer or Parent of the Buyer Transaction Documents, nor the consummation by Buyer or Parent of the transactions contemplated thereby is an event that, by itself or with the giving of notice or the passage of time or both, will (a) conflict with the organizational documents of Buyer or Parent, respectively, as the same may have been amended from time to time, (b) constitute a violation of, or conflict with, or result in any breach of or any default under, or constitute grounds for termination or acceleration of, any license, mortgage, indenture, lease, Contract, agreement or instrument to which Buyer or Parent, respectively, is a party or by which Buyer or Parent is bound, except for such violations, breaches, terminations, and accelerations as individually or in the aggregate would not reasonably be expected to have a Buyer Material Adverse Effect or result in the

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creation of any material Lien upon any of Buyer's or Parent's assets such that it is reasonably likely that Buyer and Parent will be unable to proceed with the transactions contemplated in this Agreement, (c) violate (i) any judgment, decree or order, or (ii) any statute, rule or regulation, in each such case, applicable to Buyer or Parent, or (d) require Buyer or Parent to obtain any Consent of any Person. The execution, delivery and performance by Buyer and Parent of this Agreement, and the consummation by Buyer and Parent of the transactions contemplated hereby, requires no action by or in respect of, or filing with, any Governmental Entity other than actions or filings which, if not taken or made, would not, individually or in the aggregate, reasonably be expected to have a Buyer Material Adverse Effect or filings and notices not required to be made or given to consummate the transactions contemplated by this Agreement.

5.4 Solvency; Post-Closing Financial Condition of Buyer.

Buyer is not now insolvent and will not be rendered insolvent by any of the transactions contemplated by this Agreement. As used in this section, "insolvent" means that the sum of the debts and other probable liabilities of Buyer exceeds the present fair saleable value of Buyer's assets. Immediately following the Closing Date, (i) Buyer will be able to pay its liabilities as they become due in the usual course of its business; (ii) Buyer will not have unreasonably small capital with which to conduct its present or proposed business; (iii) Buyer will have assets (calculated at fair market value) that exceed its liabilities; and (iv) Buyer will have and maintain adequate financial resources to pay, perform, and fully discharge all of the Assumed Liabilities and all of Buyer's obligations set forth in this Agreement, including, without limitation, those obligations set forth in Article 7 hereof.

5.5 Funds.

At Closing, Buyer shall have all funds necessary to consummate the transactions contemplated by this Agreement and to pay in immediately available funds the Purchase Price and to perform its obligations under this Agreement.

5.6 Investment Canada.

Buyer is a WTO Investor, as that term is defined in subsection 14.1(6) of the *Investment Canada Act*.

5.7 GST and PST Registration Numbers.

Buyer hereby represents that it is duly registered for the purpose of the GST under number 837359371RT0001, and that it is duly registered for the purpose of the PSTA under number PST1005-7521.

5.8 Litigation.

There are no claims outstanding or threatened by Buyer or Parent or, to the knowledge of Buyer or Parent, as applicable, pending or threatened against Buyer or Parent, respectively, that might adversely affect the ability of Buyer or Parent, respectively, to enter into this Agreement or to complete the transactions contemplated in this Agreement and, to the knowledge of Buyer or Parent, as applicable, no state of facts exists that could constitute the basis of any such claim.

5.9 No Broker.

Buyer has not employed any broker, finder, consultant or intermediary in connection with the transactions contemplated in this Agreement who would be entitled to a broker's, finder's or similar fee or commission in connection with the transactions contemplated in this Agreement.

ARTICLE 6

Further Requirements

6.1 Non-competition.

Seller covenants and agrees that it shall not, and shall cause its Affiliates not to, for a period of five (5) years from the Closing Date (the "**Restriction Period**"), anywhere in Canada and the United States or any other province or region where the Business has or had customers or a physical presence as of the Closing Date, or at any time during the twenty-four (24) month period immediately preceding the Closing Date, directly or indirectly, engage in or become associated as a consultant, partner, owner, agent, stockholder, member, or otherwise have a business relationship, with any Person or organization (other than Buyer) engaged in any business competitive with the Business presently conducted by Seller (other than ownership of less than 10% of the shares of a publicly held corporation). The foregoing restriction will not prevent Seller from selling railroad ties, switch ties, marine piling, bridge timbers, or other products that are not treated.

6.2 Confidentiality.

Seller shall, and shall cause its Affiliates to, keep secret and maintain in confidence, and Seller shall not, and shall cause its Affiliates not to, directly or indirectly, disclose to anyone, or use in competition with the Business, all Confidential Information. For purposes of this Agreement, "**Confidential Information**" shall mean any trade secrets or confidential or proprietary information relating to the Business other than any of such information that is in the public domain (unless any of such information enters the public domain in whole or in part due to the action or inaction of Seller or its Affiliates following the Closing). The foregoing shall not prohibit the use of such Confidential Information (i) as is required by applicable laws, rules or regulations, (ii) as is necessary to prepare Tax Returns (including Tax Returns of Seller or any of its Affiliates) or other filings with Governmental Entities or to defend or object to any reassessment of Taxes, (iii) as is necessary for Seller (or its representatives) to prepare and disclose, as may be required, accounting statements or (iv) to assert or protect any rights hereunder or under any applicable laws, rules or regulations.

6.3 Non-solicitation.

During the Restriction Period, Seller shall not, and shall cause its Affiliates not to, directly or indirectly, solicit, encourage, facilitate or induce any customer, supplier, agent, sales representative, employee, consultant, or licensee of Buyer or any of its Affiliates to breach any agreement or contract with, or discontinue his, her, or its business relationships with Buyer or such Affiliates of Buyer. Seller further covenants and agrees that during the Restriction Period, Seller shall not, and shall cause its Affiliates not to, solicit, hire or otherwise engage as an employee, independent contractor or otherwise, any person who is an employee of Buyer, except with the prior written consent of Buyer. The foregoing restriction will not prevent Seller from engaging as an employee, independent contractor or otherwise anyone who responds to a general solicitation or advertisement of employment or opportunity.

6.4 Restrictions Reasonable.

(a) The parties agree that:

(i) the restrictions contained in Sections 6.1, 6.2, and 6.3 are fair and reasonable in the commercial circumstances of this Agreement and reasonably protect the legitimate business interest of Buyer, and do not constitute any undue restraint of trade on Seller, and

(ii) the consideration provided to Seller adequately and fairly compensates it in connection with such restrictions; and

(b) Seller acknowledges that it has been informed by Buyer that Buyer would not have entered into this Agreement but for Seller's agreement with such restrictions, and that such restrictions have been an inducement to Buyer to enter into this Agreement.

6.5 Blue Pencil.

The provisions contained in the above Sections 6.1, 6.2, and 6.3 as to the time periods, geographic area, and scope of activities restricted shall be deemed severable, so that if any provision contained in any such Section is determined to be invalid or unenforceable, the validity or enforceability of any other provision in Sections 6.1, 6.2, and 6.3 will not be affected.

6.6 Access to Records.

Each party agrees to furnish to the other party upon request as promptly as practicable, such information and assistance relating to the Acquired Assets and the Business as is reasonably necessary for the filing of any Tax Return, declaration or report, the making of any election related to Taxes, the preparation for any audit by any taxing authority, or the prosecution or defense of any claim, suit, or proceeding; provided, however, that such information and assistance shall be provided in a manner that will not unreasonably disrupt the business of the party providing information or assistance.

6.7 Litigation Cooperation.

In the event that Seller or Buyer shall participate in any suit, action, proceeding, audit or investigation concerning the Business or any of the Acquired Assets (excluding any such suit, action, proceeding or investigation between Seller and Buyer), the parties shall, upon the request of the party involved in such suit, action, proceeding, audit or investigation, cooperate fully with such party at such party's expense in connection therewith, except to the extent that such suit, action, proceeding, audit or investigation arises from or constitutes a breach by any such party of any representation, warranty, covenant or agreement contained in this Agreement and the other agreements provided for herein.

6.8 Employees.

(a) Buyer shall offer employment, effective as of the Closing Date and conditioned on the completion of the sale of the Acquired Assets pursuant to the terms hereof, to any individual who is an employee immediately prior to the Closing Date on the following terms and conditions:

(i) to employees who are part of a bargaining unit in respect of which a collective agreement is in force, or has expired, the terms and conditions provided for in such collective agreement, or expired collective agreement if such terms and conditions remain in effect by operation of law, subject to any amendments or alterations to the terms thereof to which the bargaining agent under such collective agreement or expired collective agreement consents; and

(ii) to all other employees on terms and conditions which are comparable to and in the aggregate no less favorable than the terms and conditions on which such other employees are employed immediately prior to the Closing Date (provided, however, that while such terms and conditions will not include participation in a profit sharing plan, the employees will be eligible to participate in an alternative compensation program that provides for compensation beyond base salary).

Those employees who accept such offers of employment shall be referred to herein as the "**Transferred Employees**" and Buyer will be responsible for any employment claims by and obligations to the Transferred Employees that arise after the Closing, provided that such claims related to the events that take place after the Closing. Seller shall terminate any employee of the

Business who has not accepted an offer of employment from Buyer as of the Closing Date, and Seller will be responsible for any employment claims by and obligations to the employees of the Business that arise prior to the Closing.

(b) Seller will not take any act that is intended to impede, hinder or interfere with Buyer's efforts to hire any employee.

(c) Seller and Buyer shall cooperate with each other in all respects relating to any actions to be taken pursuant to this Section 6.8 and, subject to any applicable laws, Seller shall provide to Buyer at Buyer's request, any information or copies of any personnel records relating to the Transferred Employees.

(d) Buyer will give each Transferred Employee full credit for his or her employment completed with Seller on the same basis as if such employment had been completed with Buyer, for purposes of calculating entitlement to severance and satisfying any employment requirement to participate in any of Buyer's employee benefit plans, policies or programs in which Buyer's employees are eligible to participate after the Closing Date and any service requirements for vesting in any benefits under such plans, policies and programs, but no such credit shall be granted for purposes of computing the amount or duration of any benefits under any such plan, policy or program except for vacation.

(e) Buyer shall provide to the Transferred Employees (and their beneficiaries and dependents) employee benefits that are no less favorable in the aggregate to such benefits provided by Seller to such Transferred Employees (and their beneficiaries and dependents) under the Benefit Plans immediately prior to the Closing Date.

6.9 Personal Information.

(a) In respect of any personal information protected under any applicable laws that is disclosed to Buyer, Buyer will:

(b) before the Closing, use the personal information solely for purposes relating to the transactions contemplated in this Agreement and if the transactions contemplated in this Agreement are not consummated, Buyer will return the personal information to Seller; and

(c) if the transactions contemplated in this Agreement complete, after the Closing:

(d) use and disclose any such personal information only for necessary employment purposes in compliance with all applicable laws; and

(e) to the extent required by applicable laws, notify any Person whose personal information has been disclosed to Buyer that the transactions contemplated in this Agreement have taken place and that the personal information was disclosed to Buyer as a consequence of the transactions contemplated in this Agreement.

6.10 Post Closing Receipts and Invoices.

(a) At the Closing and from time to time after the Closing:

(i) if Seller receives, or comes into possession of, any receipts, proceeds, cheques, securities or other property of any kind arising out of or derived from any of the Acquired Assets that is the property of, or any invoices relating to the Business that are payable by, Buyer, then Seller shall immediately deliver the receipt, proceed, cheque, security or other property to Buyer, with any endorsements, transfers or assignments as may be necessary or desirable to ensure that Buyer receives the immediate and full benefit of the receipt, proceed, cheque, security or other property or any other information available to Seller that is required to allow Buyer to pay the invoice; or

(ii) Buyer receives, or comes into possession of, any receipts, proceeds, cheques, securities or other property of any kind that is the property of Seller or any invoices for amounts that are not included in the Assumed Liabilities that are payable by Seller, then Buyer shall immediately deliver the receipt, proceed, cheque, security or other property or invoice to Seller, with any endorsements, transfers or assignments as may be necessary or desirable to ensure that Seller receives the immediate and full benefit of the receipt, proceed, cheque, security or other property or any other information available to Buyer that is required to allow Seller to pay the invoice.

6.11 Environmental Remedial Action.

Any Environmental Remedial Action for which Buyer may wish to seek indemnification under this Agreement will be based on work plans recommended by a reputable environmental consultant that is a member of the Society of Contaminated Sites Approved Professionals of British Columbia and Buyer will provide Seller with reasonable advance notice of any such Environmental Remedial Action together with copies of work plans for Seller review and comment. Buyer will, at the request of Seller, take reasonable steps to arrange for meetings between Seller and the consultant to discuss the work plans. To the extent circumstances reasonably permit, Buyer will provide Seller with a reasonable period to review and comment on the work plans and will consider Seller's comments regarding the proposed work plans and will make such modifications to the proposed work plans as Buyer, acting reasonably, considers to be appropriate. Nothing in this provision will be deemed to require Seller's approval for any Environmental Remedial Action.

ARTICLE 7

Survival of Representations and Warranties; Indemnification

7.1 General Provisions; Survival.

(a) The representations and warranties with respect thereto of the parties set forth in this Agreement shall survive the Closing for a period of two (2) years following the

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Closing Date to the extent that claim for breach thereof has not theretofore been made in writing by a party to the other party, except that (a) the representations and warranties of Seller contained in Sections 4.1, 4.2, and 4.10(a) and the representations and warranties of Buyer and Parent contained in Sections 5.1 and 5.2 (the “**Fundamental Representations**”) shall survive indefinitely following the Closing Date, (b) the representations and warranties of Seller contained in Sections 4.19 (the “**Environmental Representations**”) shall survive for a period of the earlier of: (i) sixty (60) days following the expiration of the applicable statute of limitation relating thereto, and (ii) ten (10) years following the Closing Date, (c) representations and warranties of Seller contained in Section 4.20 (the “**Tax Representations**”) shall survive for a period of sixty (60) days following the expiration of the applicable statute of limitation relating thereto, and (d) the representation and warranty of Seller contained in Section 4.14(f) shall survive so long as there are any entitlements under the ILPP or any Participating Employees (as such term is defined under the ILPP).

(b) Except as provided at the end of Section 4.19, any limitation or qualification set forth in any one representation and warranty in Article 4 or Article 5 or set forth in any one schedule to this Agreement shall not limit or qualify, or be deemed to limit or qualify, in any respect, any other representation and warranty contained in Article 4 or Article 5, unless, with respect to schedules, a specific cross-reference to another schedule is provided and the relevance of such other schedule is readily apparent. The waiver by either party of any condition at Closing of the breach or inaccuracy of any representation or warranty, or breach of, or non-compliance with, any covenant or obligation, will not preclude such party from seeking indemnification, payment of Buyer Damages or Seller Damages, as applicable, or any other remedy at law or in equity based on such breach, inaccuracy, or noncompliance. A Buyer Indemnitee shall not be entitled to make a claim for indemnification under Section 7.2(b) or pursue any other remedy for a breach of or inaccuracy in a representation or warranty of Seller in this Agreement that was true and correct on the date of this Agreement but is not true and correct at Closing if Buyer has been advised in writing at least three (3) Business Days prior to the Closing of the breach or inaccuracy in the representation or warranty which breach or inaccuracy causes the closing condition in Section 3.2(a) to not be satisfied and Buyer completes the transaction contemplated in this Agreement notwithstanding such breach or inaccuracy. A Seller Indemnitee shall not be entitled to make a claim for indemnification under Section 7.3(b) or pursue any other remedy for a breach of or inaccuracy in a representation or warranty of Buyer in this Agreement that was true and correct on the date of this Agreement but is not true and correct at Closing if Seller has been advised in writing at least three (3) Business Days prior to the Closing of the breach or inaccuracy in the representation or warranty which breach or inaccuracy causes the closing condition in Section 3.3(a) to not be satisfied and Seller completes the transaction contemplated in this Agreement notwithstanding such breach or inaccuracy.

7.2 Indemnification by Seller.

Subject to the limitations set forth in Section 7.6, Seller shall indemnify, defend, save and hold Buyer and each of its officers, directors, employees, agents, and Affiliates (collectively, “**Buyer Indemnitees**”) harmless from and against all demands, claims, allegations, assertions, actions or causes of action, assessments, losses, damages, deficiencies, liabilities, costs, and expenses (including reasonable attorneys fees, interest, penalties, and all reasonable amounts

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paid in investigation, defense or settlement of any of the foregoing, whether or not any such demands, claims, allegations, etc., of third parties are meritorious; collectively, “**Buyer Damages**”) asserted against, imposed upon, resulting to, required to be paid by or incurred by any Buyer Indemnitee, directly or indirectly, in connection with or arising out of:

- (a) any Excluded Liability, which includes, for the avoidance of doubt, any liability arising, before or after the Closing Date, out of the ownership or operation of the Acquired Assets prior to the Closing Date other than the Assumed Liabilities;
- (b) any breach or inaccuracy of any representation or warranty made by Seller in this Agreement;
- (c) any breach, non-fulfillment, or non-performance of any covenant or agreement made by Seller in or pursuant to this Agreement to which Seller is or is to become a party (including the Escrow Agreement and the Transition Services Agreement, subject to any limitations imposed in those agreements);
- (d) the assessment by the Trustees of the ILPP of any additional contributions under the ILPP;
- (e) Seller’s failure to have, or Buyer’s inability to obtain, all Permits required under the Water Act required for the operations of the Business as historically carried on by Seller, provided that the foregoing shall not be subject to any of the limitations set forth in Section 7.6; and
- (f) the amount of any Receivables of Seller included in the Acquired Assets that are not collected within 180 days of the Closing Date; provided that if Seller indemnifies Buyer for the amount of any such Receivable and such Receivable is subsequently recovered, Buyer will reimburse to Seller the amount paid by Seller to Buyer pursuant to this Section 7.2(f).

Seller shall pay to Buyer Indemnitees all Buyer Damages in immediately available funds or direct the Escrow Agent to disburse such funds pursuant to the Escrow Agreement, as applicable (all in accordance with this Agreement and the Escrow Agreement).

7.3 Indemnification by Buyer and Parent.

Subject to the limitations set forth in Section 7.6, each of Buyer and Parent (collectively, “**Buyer Indemnifying Party**”) shall indemnify, defend, save and hold Seller and its officers, directors, employees, agents and Affiliates (collectively, “**Seller Indemnitees**”) harmless from and against any and all demands, claims, allegations, assertions, actions or causes of action, assessments, losses, damages, deficiencies, liabilities, costs and expenses (including reasonable attorneys fees, interest, penalties, and all reasonable amounts paid in investigation, defense or settlement of any of the foregoing, whether or not any such demands, claims, allegations, etc., of third parties are meritorious; collectively, “**Seller Damages**”) asserted against, imposed upon, resulting to, required to be paid by or incurred by any Seller Indemnitee, directly or indirectly, in connection with or arising out of:

- (a) any Assumed Liability (except to the extent that Buyer is entitled to indemnification from Seller pursuant to Section 7.2(b) or Section 7.2(c) with respect to such Assumed Liability);

(b) any breach or inaccuracy of any representation or warranty made by Buyer or Parent in this Agreement; or

(c) any breach, non-fulfillment, or non-performance of any covenant or agreement made by Buyer or Parent in or pursuant to this Agreement to which Buyer is or is to become a party (including the Escrow Agreement and the Transition Services Agreement, subject to any limitations imposed in those agreements).

Seller Damages do not include any costs, losses, expenses, damages or liabilities arising with respect to any Existing Environmental Condition to the extent that Seller is required to indemnify Buyer for those costs, losses, expenses, damages or liabilities under Section 7.2. Buyer Indemnifying Party shall pay to Seller Indemnitees all Seller Damages in immediately available funds.

7.4 Procedures Relating to Third Party Claims.

(a) In order for Buyer Indemnitees or Seller Indemnitees, as the case may be, (the “**indemnified party**”) to be entitled to any indemnification provided for under this Agreement in respect of, arising out of, or involving a claim or demand made by any Person against the indemnified party (a “**Third Party Claim**”), such indemnified party must notify the indemnifying party in writing, and in reasonable detail, of the Third Party Claim within thirty (30) Business Days after receipt by such indemnified party of written notice of the Third Party Claim; provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent the indemnifying party demonstrates that it has been actually prejudiced as a result of such failure or to the extent such failure extends beyond the applicable survival period set forth in Section 7.1. Thereafter, the indemnified party shall deliver to the indemnifying party, within ten (10) Business Days after the indemnified party’s receipt thereof, copies of all notices and documents (including court documents) received by the indemnified party relating to the Third Party Claim.

(b) The indemnifying party shall have the right, at its option and expense, to take exclusive control of the defense, negotiation and settlement of any Third Party Claim, by giving written notice to the indemnified party within twenty (20) days after the indemnified party has notified the indemnifying party with respect to such Third Party Claim. In such case, the indemnifying party shall defend the indemnified party against the matter with counsel of the indemnifying party’s choice reasonably satisfactory to the indemnified party, keep the indemnified party regularly informed and shall consult with it with respect thereto and shall act reasonably in accordance with its good faith judgment. In such case, the indemnified party (i) shall execute all necessary documents to enable the indemnifying party to act on their behalf and (ii) shall reasonably cooperate with the indemnifying party including giving it and its designees access, upon prior notice and during regular business hours, to all relevant documents, books and records (with the right to photocopy such documents, books and records) and to employees.

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Notwithstanding the indemnifying party's election to assume the defense of such Third Party Claim or anything to the contrary herein, the indemnified party shall have, upon giving prior written notice to the indemnifying party, the right to employ separate counsel and to participate in the defense of such Third Party Claim, and the indemnifying party shall bear the reasonable fees, costs, and expenses of such separate counsel for the indemnified party in each jurisdiction if, but only if, the indemnified party has reasonably concluded in good faith upon and in conformity with the advice of counsel that an actual or potential conflict of interest (including one or more legal defenses or counterclaims available to it) makes it inappropriate in the reasonable judgment of the indemnified party (upon and in conformity with the advice of counsel) for the same counsel to represent both the indemnified party and the indemnifying party.

(c) If the indemnifying party elects not to or fails to defend a Third Party Claim, or to employ counsel reasonably satisfactory to the indemnified party, in either case within such twenty (20) day period, then the reasonable fees and disbursements of counsel for the indemnified party shall constitute Buyer Damages or Seller Damages, as applicable, (as incurred); provided, however, that the fees and disbursements of not more than one (1) counsel for all indemnified parties in any jurisdiction in any single Third Party Claim shall constitute such Buyer Damages or Seller Damages, as applicable. In such case, the indemnified party shall keep the indemnifying party regularly informed of the progress of the action, shall provide in due course the indemnifying party with any material document, evidence or other pleadings issued or received (such documents, evidence and pleadings to be kept confidential in accordance with Section 6.2 and shall take into consideration the recommendations of the indemnifying party, if any. Furthermore, the indemnified party shall act reasonably and in its good faith judgment.

(d) In any Third Party Claim, the indemnified party or the indemnifying party, whichever is not assuming the defense of such action, will have the right to participate in such matter and to retain its own counsel at such party's own expense.

(e) No indemnified party may settle or compromise any Third Party Claim or consent to the entry of any judgment with respect to any Third Party Claim without the prior written consent of the indemnifying party (which will not be unreasonably withheld or delayed), unless such settlement, compromise or consent includes an unconditional release of obligations under this Article 7 with respect to the Third Party Claim. The indemnifying party may not, without the prior written consent of the indemnified party (which will not be unreasonably withheld or delayed), settle or compromise any Third Party Claim or consent to the entry of any judgment with respect to any Third Party Claim unless (i) such settlement, compromise or consent includes an unconditional release of the indemnified party and its officers, directors, employees and Affiliates from all liability arising out of such Third Party Claim, (ii) does not contain any admission or statement suggesting any wrongdoing or liability on behalf of the indemnified party, and (iii) does not contain any equitable order, judgment or term which in any manner affects, restrains or interferes with the business of the indemnified party.

7.5 Other Claims.

In the event any indemnified party should have a claim against any indemnifying party under Section 7.2 or 7.3 that does not involve a Third Party Claim being asserted against or sought to be collected from such indemnified party, the indemnified party shall deliver notice (“**Claims Notice**”) of such claim with reasonable promptness to the indemnifying party. The failure by any indemnified party so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to such indemnified party under Section 7.2 or 7.3, except to the extent that the indemnifying party demonstrates that it has been actually prejudiced by such failure or to the extent such failure extends beyond the applicable survival period set forth in Section 7.1. If the indemnifying party does not notify the indemnified party within thirty (30) days following its receipt of such Claims Notice that the indemnifying party disputes its liability to the indemnified party under Section 7.2 or 7.3, such claim specified by the indemnified party in such notice shall be conclusively deemed a liability of the indemnifying party under Section 7.2 or 7.3 and the indemnifying party shall pay the amount of such liability to the indemnified party on demand or direct the Escrow Agent to disburse such funds pursuant to the Escrow Agreement, as applicable, or, in the case of any notice in which the amount of the claim (or any portion thereof) is estimated, on such later date when the amount of such claim (or such portion thereof) becomes finally determined. If the indemnifying party has timely disputed its liability with respect to such claim, as provided above, the indemnifying party and the indemnified party shall proceed in good faith to negotiate a resolution of such dispute, and, if not resolved through negotiations, such dispute shall be resolved by litigation in an appropriate court of competent jurisdiction.

7.6 Limitations on Indemnification.

(a) Except as otherwise set forth in this Section 7.6, solely with respect to Buyer Damages arising out of or resulting from the causes enumerated in Section 7.2(b), (i) Buyer Damages shall only be satisfied to the extent that any such Buyer Damages, in the aggregate, exceed Three Hundred Thirty Thousand Canadian Dollars (CAD\$330,000) (the “**Indemnification Threshold**”), and in such case, Seller shall be liable for the full amount of the Buyer Damages, and (ii) Seller shall not be liable for any Buyer Damages in excess of CAD\$13,200,000 (the “**General Indemnification Cap**”).

(b) Except as otherwise set forth in this Section 7.6, solely with respect to Seller Damages arising out of or resulting from the causes enumerated in Section 7.3(b), (i) Seller Damages shall only be satisfied to the extent that any such Seller Damages, in the aggregate, exceed the Indemnification Threshold, and in such case, Buyer shall be liable for the full amount of the Seller Damages, and (ii) Buyer shall not be liable for any Seller Damages in excess of the General Indemnification Cap.

(c) Notwithstanding anything herein to the contrary, the limitations set forth in Section 7.6(a) shall not apply to Buyer Damages and the limitations set forth in Section 7.6(b) shall not apply to Seller Damages, as applicable, arising out of or relating to (i) a breach of any Tax Representations or Fundamental Representations, or (ii) fraud or intentional material misrepresentation on the part of Seller (in the case of Section 7.6(a)) or Buyer (in the case of Section 7.6(b)).

(d) Under no circumstances will any Buyer Indemnitees or any Seller Indemnitees be entitled to seek indemnification under this Agreement for any consequential or indirect losses or damages, including loss of profit or loss of opportunity, except to the extent the Buyer Indemnitee or Seller Indemnity has liability to any third party for any consequential or indirect losses or damages, including loss of profit or loss of opportunity, provided, however, that the foregoing limitation on damages shall not apply to any claims by Buyer Indemnitees arising out of Seller's failure to have, or Buyer's inability to obtain, all Permits required under the Water Act required for the operations of the Business as historically carried on by Seller.

(e) Except as set forth below, with respect to any claim for indemnification by any Buyer Indemnitee pursuant to Section 7.2(a) to the extent that claim arises out of or relates to Excluded Liabilities described in Section 2.3(b)(ix):

(i) Except as set forth in Section 7.6(e)(ix), Buyer Damages shall only be satisfied to the extent that any such Buyer Damages, in the aggregate, exceed Five Hundred Thousand Canadian Dollars (CAD\$500,000) (the "**Environmental Liability Deductible**") and in such case, subject to the other provisions in this Article 7, Seller shall not be liable for the amount of the Environmental Liability Deductible but shall be liable for the full amount of Buyer Damages in excess of the Environmental Liability Deductible;

(ii) Seller shall not be liable for any Buyer Damages in excess of CAD\$7,000,000 (the "**Environmental Liability Cap**"); provided, for the avoidance of doubt, that any Buyer Damages previously recovered by Buyer Indemnified Parties pursuant to Section 7.2(b) shall not reduce the Environmental Liability Cap;

(iii) Notwithstanding the foregoing, the Environmental Liability Deductible and the Environmental Liability Cap shall not apply with respect to any Buyer Damages arising out of Seller's failure to have, or Buyer's inability to obtain, all Permits required under the Water Act required for the operation of the Business as historically carried on by Seller;

(iv) With respect to a claim for indemnification under Section 7.2(b) arising out of a breach of any representation or warranty set forth in Section 4.19 for which a Buyer Indemnitee is also able to make a claim for indemnification under Section 7.2(a), a Buyer Indemnitee shall be entitled to recover under either Section 7.2(a) or Section 7.2(b), at such Buyer Indemnitee's sole discretion, but not under both of those Sections;

(v) No indemnified party hereunder shall be entitled to double recovery for any Buyer Damages or Seller Damages, as applicable, even though such Buyer Damages or Seller Damages may have resulted from the breach of more than one of the representations, warranties, agreements, and covenants in this Agreement;

(vi) No claim for recovery of any Buyer Damages arising from any Excluded Liabilities described in Section 2.3(b)(ix) may be brought after the date that is 10 years from the Closing Date;

(vii) Except with respect to claims for indemnification associated with Environmental Liabilities arising out of or related to the conduct or circumstances identified in Section 2.3(b)(ix)(C) or Section 2.3(b)(ix)(D), no claim for indemnification may be brought under Section 7.2(a) unless:

(A) the Buyer Indemnitee is required to take Environmental Remedial Action by an order or other legally enforceable direction of any Governmental Entity; or

(B) the Buyer Indemnitee is subject to a Third Party Claim by a Person that is independent from the Buyer Indemnitee and not affiliated, associated or otherwise related to the Buyer Indemnitee, but excluding any Third Party Claim by any owner or occupier of all or any portion of the lands forming part of the Acquired Assets (other than a Buyer Indemnitee) to the extent that claim would not, if made directly by a Buyer Indemnitee under this Agreement, have resulted in a right of indemnification under this Agreement; or

(C) Environmental Remedial Action is required due to an imminent and substantial risk or threat: (1) to human health, or (2) of migration of a Hazardous Material beyond the boundaries of the lands forming part of the Acquired Assets at concentrations above applicable standards under Environmental Laws as of the Closing, or (3) that an order or other legally enforceable direction, or charges or fines or penalties will be issued by a Governmental Entity if Environmental Remedial Action is not taken; or

(D) Environmental Remedial Action is reasonably required (1) due to an imminent and substantial risk or threat that a material violation of Environmental Law will occur or (2) to limit a material violation of Environmental Law that has occurred;

(viii) Seller shall not be required to provide any indemnification under Section 7.2(a) if the claim for indemnification arises out of a change in the industrial nature or classification of the use of the Facility or the site, or a permanent cessation of operations at the Facility, or any decommissioning of the site, or any rezoning or subdivision of the lands forming part of the Acquired Assets where any Buyer Indemnitee applied for that rezoning or subdivision, provided, however, that for purposes of this Section 7.6(e)(viii), a temporary cessation of operations at the Facility shall not constitute a change in the nature or classification of the use of the Facility and further provided that "decommissioning of the site" has the meaning given to that term in the *Contaminated Sites Regulation*, B.C. Reg. 375/96 ;

(ix) Where a claim for indemnification under Section 7.2(a) arises out of any expansion of operations or any relocation of a building, structure (including a storage tank) or other fixture located on a foundation or any other material construction outside the ordinary course of business as conducted at the Closing Date, at the Facility, the amount of Buyer Damages for which a Buyer Indemnitee may bring a claim under Section 7.2(a) (subject to all other limitations and restrictions to which that claim is subject pursuant to Article 7 with the

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exception of the Environmental Liability Deductible provided for in Section 7.6(e)(i) which shall not apply to claims for indemnification under Section 7.2(a) to which this Section 7.6(e)(ix) applies) will be limited to 50% of the Buyer Damages;

(x) The Buyer Damages for which a Buyer Indemnitee may bring a claim under Section 7.2(a)(subject to all other limitations and restrictions to which that claim is subject pursuant to Article 7):

(A) will be limited to the amount required to reimburse the Buyer Indemnitee for a reasonable Environmental Remedial Action, provided that the assessment of whether an Environmental Remedial Action is "reasonable" will take into account the impact on the operation of the Business and the cost to Seller as the indemnifying party;

(B) will be limited to the amount required to comply with the remediation standards to which the lands and waters are subject under Environmental Laws as of the Closing Date or at any time prior to the second anniversary of the Closing Date based on industrial use of the site; and

(C) will exclude any Buyer Damages to the extent the Buyer Damages are caused by or result from (1) the negligence of any Buyer Indemnitee or any person for whom a Buyer Indemnitee is responsible under applicable law that has contributed to or aggravated the condition for which the Buyer Indemnitee is claiming indemnification hereunder, or (2) any Hazardous Material Released after the Closing Date by a Buyer Indemnitee or any person for whom a Buyer Indemnitee is responsible under applicable law, or (3) any change in remediation standards or Environmental Laws after the second anniversary of the Closing Date; and

(f) Given that the Facility is located within a heritage site under the HCA, for the purpose of clarity the Parties agree that in regard to the indemnity set forth in Section 7.2(a):

(i) any offences committed by Seller under the HCA prior to the Closing are Excluded Liabilities that are Seller's responsibility, and the limitations set forth in this Section 7.6 shall not apply to the indemnity set forth in Section 7.2(a) as it applies to any offences committed by Seller under the HCA prior to the Closing; and

(ii) the fact that the Facility is located within a heritage site under the HCA is not itself an Excluded Liability and the indemnity set forth in Section 7.2(a) does not apply to costs incurred by Buyer in complying with the HCA after the Closing simply because the Facility is located within a heritage site under the HCA, and the costs of complying with the HCA after the Closing will only be recoverable by Buyer to the extent they are Buyer Damages for any Excluded Liabilities to which the indemnity set forth in Section 7.2(a) does apply (subject to the limitations set forth in this Article 7).

7.7 Duty to Mitigate.

An indemnified party shall use commercially reasonable efforts to mitigate the amount of Buyer Damages or Seller Damages, as the case may be, that it incurs in connection with any matter with respect to which it is entitled to be held harmless, indemnified, compensated or reimbursed pursuant to this Article 7.

7.8 Tax Benefits.

The amount of any Buyer Damages or Seller Damages otherwise recoverable by an indemnified party under this Article 7 shall be reduced by the amount equal to any reduction in Taxes attributable to such losses that is actually realized.

7.9 Insurance Benefits.

If any matter giving rise to a claim of indemnification pursuant to this Article 7 by an indemnified party is covered by any insurance policy or policies, then the indemnified party shall use commercially reasonable efforts to pursue the claim for indemnification and obtain compensation from its insurer or insurers under those insurance policy or policies. If and when the compensation is actually received from those insurers for the matters giving rise to the claim for indemnification the indemnified party shall reduce the claim for indemnification against the indemnifying party to the extent of its insurance recovery (minus reasonable expenses incurred in pursuing the claim for indemnification with its insurer and any premium increases) or, if payment has already been made by the indemnifying party on the claim for indemnification, then the indemnified party shall remit the insurance recovery (minus reasonable expenses incurred in pursuing the claim for indemnification with its insurer and any premium increases), up to the amount of the payment, to the indemnifying party.

7.10 Subrogation.

If any indemnifying party has paid a claim for indemnification asserted by any indemnified party under this Agreement, and the indemnified party possesses any claim against a third party in respect of that claim for indemnification, then the indemnifying party shall be fully subrogated to the rights of the indemnified party in respect of the claim for indemnification, and the indemnified party shall take all reasonable action requested by the indemnifying party to enable the indemnifying party to enforce the claim against that third party.

7.11 Tax Effect of Indemnification Payments.

All indemnity payments made by Seller or Buyer pursuant to this Agreement shall be treated for all Tax purposes as adjustments to the Purchase Price paid with respect to the Acquired Assets.

7.12 Exclusive Remedy.

Except as set forth in Section 7.13, from and after the Closing, the rights of the parties to seek recourse with respect to any matter relating to this Agreement or the transactions contemplated in this Agreement, including any Environmental Liability, shall be strictly limited to the indemnification rights contained in this Article 7, and such indemnification rights shall be the exclusive remedies of the parties after the Closing with respect to any matter in any way relating to this Agreement or the transactions contemplated in this Agreement. Except as set

forth in Section 7.13, to the maximum extent permitted by any applicable laws, the parties hereby waive all other rights and remedies with respect to any matter in any way relating to this Agreement or the transactions contemplated in this Agreement, whether under any applicable laws, at common law or otherwise.

7.13 Specific Performance.

Each of the parties acknowledge that the rights of each other party to consummate the transactions contemplated hereby are unique and recognize and affirm that in the event of a breach of this Agreement by any party, money damages may be inadequate and the non-breaching party may have no adequate remedy at law. Accordingly, the parties agree that such non-breaching party shall have the right, in addition to any other rights and remedies existing in their favor at law or in equity, to enforce their rights and the other party's obligations hereunder not only by an action or actions for damages but also by an action or actions for specific performance, injunctive or other equitable relief (without posting of bond or other security).

7.14 Dispute Resolution

If there is a dispute regarding any of the following: (i) whether an Environmental Condition existed at the Closing, or (ii) whether there is an imminent and substantial risk for the purposes of Section 7.6(e)(vii)(C)(1) or 7.6(e)(vii)(C)(2) , or (iii) what constitutes a reasonable Remedial Action for the purposes of Section 7.6(e)(x)(A) and the costs thereof, or (iv) whether a Hazardous Material was released after the Closing Date for the purposes of Section 7.6(e)(x)(C)(2), and the costs attributable to the events described in Section 7.6(e)(x)(B) and 7.6(e)(x)(C), Buyer and Seller shall attempt to resolve the matters in dispute within 30 days from the date either party gives notice of the dispute to the other. If the parties cannot resolve the dispute within that 30 day period, the parties shall within 15 days after the end of the 30 day period agree on an environmental expert to provide a non-binding advisory opinion. If the parties are unable to agree on a mutually acceptable environmental expert within that 15 day period, either party may apply to the Society of Contaminated Sites Approval Professionals of British Columbia to have an environmental expert appointed. The environmental expert shall be jointly retained by Buyer and Seller, and Buyer and Seller shall provide to the expert all information relevant to the matter in dispute, excluding any information that is subject to solicitor-client privilege. Buyer and Seller may each provide written submissions to the expert, provided that a copy of any such submission shall be provided concurrently to the other party. The expert will act as an expert and not as an arbitrator and shall render a non-binding advisory opinion in a written report to the parties setting forth the expert's opinion as to the appropriate resolution of the matters in dispute. The parties waive any objection to the offering into evidence of the expert's report and opinion or related testimony in the event of any legal proceedings of any kind between them. The fees and expenses of the expert shall be borne by the parties in equal shares. If after receipt of the expert's report, the parties are unable to resolve the matter in dispute, either party may have recourse to the dispute resolution proceedings specified in Section 8.14.

ARTICLE 8

Miscellaneous

8.1 Costs and Expenses.

Each party hereto shall bear all its expenses incurred in connection with the transactions contemplated by this Agreement, including, without limitation, accounting, legal and financial advisory fees and expenses incurred in connection herewith.

8.2 Assignments.

No party hereto may assign any of its rights or delegate any of its duties hereunder without the prior written consent of the other parties, and any such attempted assignment or delegation without such consent shall be void and of no force and effect. Notwithstanding the foregoing, Buyer and Parent may assign their respective rights or delegate their respective duties hereunder to a purchaser of substantially all assets of the Business, by operation of law or otherwise, and Buyer may assign its rights or delegate its duties hereunder to any Affiliate of Buyer or Parent but any such assignment or delegation to any such Affiliate will not relieve Buyer or Parent of its obligations under this Agreement. Notwithstanding the foregoing or any other provision of this Agreement, if Buyer transfers its interest in the lands forming part of the Acquired Assets to any other Person, Buyer shall require the transferee to enter into an agreement with Seller pursuant to which Seller consents (such consent not to be unreasonably withheld) to the assignment to the transferee of the rights of Buyer to indemnification in Section 7.2(a) as that indemnification applies to the Excluded Liabilities described in Section 2.3(b)(ix), and the transferee agrees to be bound by all limitations and restrictions on that indemnification as set forth in Article 7 and agrees to require any subsequent transferee to enter into a similar agreement with Seller.

8.3 Further Assurances.

The parties shall from time to time do and perform such additional acts and execute and deliver such additional documents and instruments as may be required or reasonably requested by any party to establish, maintain or protect its rights and remedies or to effect the purpose of this Agreement. Not limiting the foregoing, Buyer is hereby authorized to take all steps necessary to obtain the release of any Liens on or affecting the Acquired Assets (other than Permitted Liens) which are not released as of the Closing (if failure to obtain such release prior to the Closing is waived by Buyer).

8.4 Public Announcement.

No party shall, without the prior approval of the other, make any press release, public announcement, or other disclosure concerning the transactions contemplated by this Agreement, except in the case of Seller and Buyer, to such of their respective employees, agents, and Representatives who have a need to know and are under a duty of confidentiality.

8.5 Notices.

Notices and other communications required or provided for herein shall be in writing (which shall include notice by email transmission) and shall be deemed to have been duly given and received (a) upon receipt, when delivered by hand or personal delivery, (b) upon transmission, when sent by email transmission (with written acknowledgement of receipt), (c) on the second Business Day after the date of mailing, if delivered by a nationally recognized overnight delivery service (receipt requested), or (d) upon receipt, if delivered by certified or registered mail (receipt requested), in each case addressed as follows:

If to Seller:

Tolko Industries Ltd.
3000 - 28th Street
Vernon, BC
Canada V1T 9W9
(Box 39 V1T 6M1)
Attention: Jim Baskerville, VP OSB & Kraft Paper
Email: Jim.Baskerville@tolko.com

If to Buyer or Parent:

Koppers Inc.
436 Seventh Avenue
Pittsburgh, PA
United States of America 15219-1800
Attention: James A. Sullivan, Vice President Business Development
Email: SullivanJA@koppers.com

with a copy to:

Koppers Inc.,
Koppers Building,
436 7th Avenue, Pittsburgh, PA 15219, 412-227-2444.
Attention: Steven Lacy, Senior Vice President, Administration, General
Counsel and Secretary
Phone: (412) 227-2444
E-mail: LacySR@koppers.com

or to such other address as a party may from time to time designate in writing to each of the other parties in accordance with this Section 8.5.

8.6 Amendment and Modification.

This Agreement may be amended, modified, or supplemented at any time after the Closing Date but only by the written agreement of the parties hereto.

8.7 Captions.

The captions of Articles and Sections of this Agreement are for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

8.8 Governing Law.

This Agreement shall be governed by, construed, and enforced in accordance with the laws of British Columbia, Canada, without regard to the conflict of laws principles thereof.

8.9 Waiver of Provisions.

The terms, covenants, representations, warranties and conditions of this Agreement may be amended, modified or waived only by a written instrument executed by the party sought to be bound thereby. The failure of any party at any time or times to require performance of any provision of this Agreement shall in no manner affect the right of such party at a later date to enforce the same. No waiver by any party of any condition or the breach of any provision, term, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or of the breach of any other provision, term, covenant, representation or warranty of this Agreement.

8.10 Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall be deemed to be one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

8.11 Entire Agreement.

This Agreement, including the Schedules and Exhibits hereto (which are incorporated herein by reference), constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof and thereof and supersedes, cancels, and replaces any and all prior or contemporaneous agreements (including any letter of intent or term sheet, including the letter of intent dated November 1, 2013 from Parent to Seller), understandings, and negotiations between the parties and constitutes a complete and exclusive statement of the terms of the agreement between and among the parties with respect to the subject matter hereof. The Disclosure Schedule includes references to the particular section of the Agreement that relates to each such disclosure.

8.12 Brokers or Finders.

Each party agrees to indemnify and hold the other harmless from and against any and all claims, liabilities, or obligations with respect to any other fees, commissions or expenses asserted by any Person on the basis of any act or statement alleged to have been made by the other party or its Affiliates.

8.13 No Third Party Beneficiaries.

This Agreement is not intended to confer upon any Person other than the parties hereto and their respective permitted successors and assigns any rights or remedies hereunder.

8.14 Jurisdiction; Service of Process.

Subject to Section 7.14, any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement will be brought against either party in the courts located in Vancouver, British Columbia. Each party irrevocably consents to the jurisdiction of these courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid in such courts. Original process in any action or proceeding referred to in the preceding sentence may be served on any party (anywhere in the world) by nationally recognized overnight courier service (receipt requested) in accordance with the notice provisions set forth in this Agreement, and service so made will be conclusively deemed to be accepted and completed for all purposes (notwithstanding any more restrictive service requirements set forth in any applicable federal or provincial rules of civil procedure governing service of original process) on the second Business Day after deposit with such courier.

8.15 Disclaimer of Warranties.

(a) Seller does not make any representations or warranties with respect to any projections, forecasts or forward looking statements made available to Buyer. There is no assurance that any projected or forecasted results will be achieved. EXCEPT TO THE EXTENT OF THE EXPRESS REPRESENTATIONS AND WARRANTIES CONTAINED IN Article 4, SELLER DISCLAIMS ALL OTHER WARRANTIES, REPRESENTATIONS AND GUARANTEES, WHETHER EXPRESS OR IMPLIED. BUYER ACKNOWLEDGES AND AGREES THAT IT IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN Article 4. Buyer acknowledges and agrees that none of Seller, any of its Affiliates, any of their respective Representatives nor any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any memoranda, charts, summaries, schedules or other information that is not included in this Agreement or the Schedules.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, Seller and Buyer have each caused this Agreement to be duly executed by their duly authorized officers as of the day and year first above written.

PARENT:

KOPPERS INC.

By: /s/ Walter W. Turner
Name: Walter W. Turner
Title: President and Chief Executive Officer

BUYER:

KOPPERS ASHCROFT INC.

By: /s/ Steven R. Lacy
Name: Steven R. Lacy
Title: Secretary

SELLER:

TOLKO INDUSTRIES LTD.

By: /s/ Brad Thorlakson
Name: Brad Thorlakson
Title: President and CEO

By: /s/ Trevor Jahnig
Name: Trevor Jahnig
Title: CFO

KOPPERS HOLDINGS INC.

RESTRICTED STOCK UNIT ISSUANCE AGREEMENT – TIME VESTING

RECITALS

A. The Board has adopted the Plan for the purpose of retaining the services of selected Employees, non-employee members of the Board (or the board of directors of any Parent or Subsidiary) and consultants and other independent advisors who provide services to the Corporation (or any Parent or Subsidiary).

B. Participant is to render valuable services to the Corporation (or a Parent or Subsidiary), and this Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Corporation's issuance of shares of Common Stock to Participant under the Plan.

C. All capitalized terms in this Agreement shall have the meaning assigned to them in the attached Appendix A.

NOW, THEREFORE, it is hereby agreed as follows:

1. Grant of Restricted Stock Units. The Corporation hereby awards to Participant, as of the Award Date, Restricted Stock Units under the Plan. Each Restricted Stock Unit represents the right to receive one share of Common Stock on the specified issuance date following the vesting of that unit. The number of shares of Common Stock subject to the awarded Restricted Stock Units, the applicable vesting schedule for those shares, the date on which those vested shares shall become issuable to Participant and the remaining terms and conditions governing the award (the "Award") shall be as set forth in this Agreement.

AWARD SUMMARY

Award Date: February 18, 2014

Number of Shares Subject to Award: shares of Common Stock (the "Shares")

Vesting Schedule: One-third of the Shares shall vest upon Participant's completion of a consecutive twelve (12)-month period of Service measured from the Award Date. One-third of the Shares shall vest upon Participant's completion of a consecutive twenty-four (24)-month period of Service measured from the Award Date. One-third of the Shares shall vest upon Participant's completion of a consecutive thirty-six (36)-month period of Service measured from the Award Date. However, one or more Shares may be subject to accelerated vesting in accordance with the provisions of

Paragraph 5 of this Agreement.

Issuance Schedule:

The Shares in which Participant vests in accordance with the foregoing Vesting Schedule shall become issuable immediately upon vesting (the "Issue Date"). The actual issuance of the Shares shall be subject to the Corporation's collection of all applicable Withholding Taxes and shall be effected on the applicable Issue Date or as soon as administratively practicable thereafter, but in no event later than the close of the calendar year in which such Issue Date occurs or (if later) the fifteenth (15th) day of the third (3rd) calendar month following such Issue Date. The procedures pursuant to which the applicable Withholding Taxes are to be collected are set forth in Paragraph 7 of this Agreement.

2. Limited Transferability. Prior to the actual issuance of the Shares which vest hereunder, Participant may not transfer any interest in the Award or the underlying Shares; provided, however, any Shares which vest hereunder but which otherwise remain unissued at the time of Participant's death may be transferred pursuant to the provisions of Participant's will or the laws of inheritance or to Participant's designated beneficiary or beneficiaries of this Award. Participant may make a beneficiary designation for this Award at any time by filing the appropriate form with the Plan Administrator or its designee.

3. Cessation of Service. Except as otherwise provided in Paragraph 5 below, should Participant cease Service for any reason prior to vesting in one or more Shares subject to this Award, then the Award will be immediately cancelled with respect to those unvested Shares, and the number of Restricted Stock Units will be reduced accordingly. Participant shall thereupon cease to have any right or entitlement to receive any Shares under those cancelled units.

4. Stockholder Rights and Dividend Equivalents

(a) The holder of this Award shall not have any stockholder rights, including voting or dividend rights, with respect to the Shares subject to the Award until Participant becomes the record holder of those Shares following their actual issuance upon the Corporation's collection of the applicable Withholding Taxes.

(b) Notwithstanding the foregoing, should any stock dividend, whether regular or extraordinary, be declared and paid on the outstanding Common Stock while one or more Shares remain subject to this Award (i.e., those Shares are not otherwise issued and outstanding for purposes of entitlement to the dividend or distribution), then Participant shall automatically be credited with an additional number of Restricted Stock Units equal to the number of shares of Common Stock which would have been paid on the Shares (plus the number of additional shares previously credited to Participant pursuant to the dividend equivalent right provisions of this Paragraph 4) at the time subject to this Award had those Shares been actually issued and outstanding and entitled to that dividend. The additional Restricted Stock Units so credited shall vest at the same time as the Shares to which they relate and shall be distributed to Participant concurrently with the issuance of those Shares on the applicable Issue Date. However, each such distribution shall be subject to the Corporation's collection of the Withholding Taxes applicable to that distribution.

(c) Notwithstanding the foregoing, should any cash dividend, whether regular or extraordinary, be declared and paid on the outstanding Common Stock while one or

more Shares remain subject to this Award (i.e., those Shares are not otherwise issued and outstanding for purposes of entitlement to the dividend or distribution), then a special book account shall be established for Participant and credited with a dollar amount equal to the amount of that dividend paid per share multiplied by the number of Restricted Stock Units at the time subject to this Award (plus the number of additional shares previously credited to Participant pursuant to the dividend equivalent right provisions of this Paragraph 4) as of the record date for the dividend. As of the first business day in January each year, the cash dividend amounts credited to the special book account during the immediately preceding calendar year shall be converted into a book entry of an additional number of Restricted Stock Units determined by dividing (i) those cash dividend equivalent amounts by (ii) the average of the Fair Market Value per share of Common Stock on each of the dates in the immediately preceding calendar year on which those dividends on the outstanding Common Stock were paid. The additional Restricted Stock Units so credited shall vest at the same time as the Shares to which they relate and shall be distributed to Participant concurrently with the issuance of those Shares on the applicable Issue Date. However, each such distribution shall be subject to the Corporation's collection of the Withholding Taxes applicable to that distribution.

5. Accelerated Vesting/Change in Control.

(a) Should Participant's Service terminate by reason of his or her Retirement, death or Permanent Disability prior to the scheduled vesting date for the Shares set forth in Paragraph 1, then Participant shall immediately vest in the number of Shares in which Participant would have been vested at the time of such termination had the Shares subject to this Award vested in a series of thirty-six (36) successive equal monthly installments over the duration of the three (3)-year vesting schedule set forth in Paragraph 1.

(b) Any Restricted Stock Units subject to this Award at the time of a Change in Control may be assumed by the successor entity or otherwise continued in full force and effect or may be replaced with a cash retention program of the successor entity which preserves the Fair Market Value of the unvested shares of Common Stock subject to the Award at the time of the Change in Control and provides for subsequent payout of that value in accordance with the same (or more favorable) vesting schedule in effect for the Award at the time of such Change in Control. In the event of such assumption or continuation of the Award or such replacement of the Award with a cash retention program, no accelerated vesting of the Restricted Stock Units shall occur at the time of the Change in Control.

(c) In the event the Award is assumed or otherwise continued in effect, the Restricted Stock Units subject to the Award shall be adjusted immediately after the consummation of the Change in Control so as to apply to the number and class of securities into which the Shares subject to those units immediately prior to the Change in Control would have been converted in consummation of that Change in Control had those Shares actually been issued and outstanding at that time. To the extent the actual holders of the outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation (or parent entity) may, in connection with the assumption or continuation of the Restricted Stock Units subject to the Award at that time, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in the Change in Control transaction, provided such common stock is readily tradable on an established U.S. securities exchange or market.

(d) If the Restricted Stock Units subject to this Award at the time of the Change in Control are not assumed or otherwise continued in effect or replaced with a cash retention program in accordance with Paragraph 5(a), then those units will vest immediately prior to the closing of the Change in Control. The Shares subject to those vested units, together with any other Shares in which Participant is at that time vested, will be issued on the Issue Date triggered by the Change in Control (or otherwise converted into the right to receive the same consideration per share of Common Stock payable to the other stockholders of the Corporation in consummation of that Change in Control and distributed at the same time as such stockholder payments), subject to the Corporation's collection of the applicable Withholding Taxes pursuant to the provisions of Paragraph 7. For purposes of this Section 5(d), the Issue Date shall be the effective date of the Change in Control so long as it qualifies as a "change in the ownership or effective control" of the Corporation within the meaning of Section 409A(a)(2)(A)(v) of the Code and regulations thereunder. If it does not so qualify, the Issue Date shall be the date that is three (3) years from the Award Date.

(e) Upon an involuntary termination of Participant's Service for reasons other than Misconduct within twenty-four (24) months following a Change in Control transaction which does not otherwise result in the accelerated vesting of the Restricted Stock Units pursuant to the provisions of subparagraph (d) of this Paragraph 5, all unvested Restricted Stock Units hereunder shall immediately vest at that time. Any unvested cash account maintained on Participant's behalf pursuant to the cash retention program established in accordance with subparagraph (b) of this Paragraph 5 shall also vest at the time of such involuntary termination. The Issue Date for such vested Shares or cash shall be six months after the date of termination (or, if earlier, the date that is three (3) years from the Award Date), so long as the Change in Control qualifies as a "change in the ownership or effective control" of the Corporation within the meaning of Section 409A(a)(2)(A)(v) of the Code and regulations thereunder. If it does not so qualify, the Issue Date shall be the date that is three (3) years from the Award Date.

(f) This Agreement shall not in any way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

6. Adjustment in Shares. In the event of any of the following transactions affecting the outstanding shares of Common Stock as a class without the Corporation's receipt of consideration: any stock split, stock dividend, spin-off transaction, extraordinary distribution (whether in cash, securities or other property), recapitalization, combination of shares, exchange of shares or other similar transaction affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration or in the event of a substantial reduction to the value of the outstanding shares of Common Stock by reason of a spin-off transaction or extraordinary distribution, then equitable adjustments shall be made to the total number and/or class of securities issuable pursuant to this Award in such manner as the Plan Administrator deems appropriate in order to reflect such change and thereby prevent the dilution or enlargement of benefits hereunder. In determining such adjustments, the Plan Administrator shall take into account any amounts credited to Participant pursuant to the dividend equivalent right provisions of Paragraph 4 in connection with such transaction, and the determination of the Plan Administrator shall be final, binding and conclusive.

7. Collection of Withholding Taxes.

(a) Upon the applicable Issue Date, the Corporation shall issue to or on behalf of Participant a certificate (which may be in electronic form) for the applicable number of underlying shares of Common Stock, subject, however, to the Corporation's collection of the applicable Withholding Taxes.

(b) Until such time as the Corporation provides Participant with written or electronic notice to the contrary, the Corporation shall collect Withholding Taxes required to be withheld with respect to the issuance of the vested Shares hereunder (including shares attributable to the dividend equivalent rights provided under Paragraph 4) through an automatic share withholding procedure pursuant to which the Corporation will withhold, at the time of such issuance, a portion of the Shares with a Fair Market Value (measured as of the issuance date) equal to the amount of those taxes (the "Share Withholding Method"); provided, however, that the amount of any Shares so withheld shall not exceed the amount necessary to satisfy the Corporation's required tax withholding obligations using the minimum statutory withholding rates for federal and state tax purposes that are applicable to supplemental taxable income. Participant shall be notified in writing or electronically in the event such Share Withholding Method is no longer available.

(c) Should any Shares (including shares attributable to the dividend equivalent rights provided under Paragraph 4) be distributed at a time when the Share Withholding Method is not available, then the Withholding Taxes required to be withheld with respect to those Shares shall be collected from Participant through either of the following alternatives:

- Participant's delivery of his or her separate check payable to the Corporation in the amount of such taxes, or
- the use of the proceeds from a next-day sale of the Shares issued to Participant, provided and only if (i) such a sale is permissible under the Corporation's trading policies governing the sale of Common Stock, (ii) Participant makes an irrevocable commitment, on or before the Issue Date for those Shares, to effect such sale of the Shares and (iii) the transaction is not otherwise deemed to constitute a prohibited loan under Section 402 of the Sarbanes-Oxley Act of 2002.

(d) Except as otherwise provided in Paragraph 4 and Paragraph 5(b) the settlement of all Restricted Stock Units which vest under the Award shall be made solely in shares of Common Stock. In no event, however, shall any fractional shares be issued. Accordingly, the total number of shares of Common Stock to be issued pursuant to the Award shall, to the extent necessary, be rounded down to the next whole share in order to avoid the issuance of a fractional share.

8. Compliance with Laws and Regulations. The issuance of shares of Common Stock pursuant to the Award shall be subject to compliance by the Corporation and Participant with all applicable requirements of law relating thereto and with all applicable regulations of any stock exchange on which the Common Stock may be listed for trading at the time of such issuance.

9. Additional Conditions.

(a) The Corporation may cancel this Award, and Participant shall cease to have any further right to the underlying Shares, at any time Participant is not in compliance with this Agreement, the Plan and the following conditions:

(i) Participant shall not render services for any organization or engage, directly or indirectly, in any business which, in the judgment of the Plan Administrator or, if delegated by the Plan Administrator to the Chief Executive Officer, in the judgment of such officer, is or becomes competitive with the Corporation or any Affiliate, or which is or becomes otherwise prejudicial to or in conflict with the interests of the Corporation or any Affiliate. Such judgment shall be based on Participant's positions and responsibilities while employed by the Corporation or an Affiliate, Participant's post-Service responsibilities and position with the other organization or business, the extent of past, current and potential competition or conflict between the Corporation or an Affiliate and the other organization or business, the effect on customers, suppliers and competitors of Participant's assuming the post-Service position and such other considerations as are deemed relevant given the applicable facts and circumstances. Participant shall be free, however, to purchase as an investment or otherwise, stock or other securities of such organization or business so long as they are listed upon a recognized securities exchange or traded over the counter, and such investment does not represent a substantial investment to Participant or a greater than one percent (1%) equity interest in the organization or business.

(ii) Participant shall not, without prior written authorization from the Corporation, disclose to anyone outside the Corporation, or use in other than the Corporation's business, any secret or confidential information, knowledge or data, relating to the business of the Corporation or an Affiliate in violation of his or her agreement with the Corporation or the Affiliate.

(iii) Participant shall disclose promptly and assign to the Corporation or the Affiliate all right, title and interest in any invention or idea, patentable or not, made or conceived by Participant during employment by the Corporation or the Affiliate, relating in any manner to the actual or anticipated business, research or development work of the Corporation or the Affiliate and shall do anything reasonably necessary to enable the Corporation or the Affiliate to secure a patent where appropriate in the United States and in foreign countries.

(iv) Participant shall not in any way, directly or indirectly (a) induce or attempt to induce any employee of the Corporation to quit employment with the Corporation; (b) otherwise interfere with or disrupt the Corporation's relationship with its employees; (c) solicit, entice, or hire away any employee of the Corporation; or (d) hire or engage any employee of the Corporation or any former employee of the Company whose employment with the Corporation ceased less than one (1) year before the date of such hiring or engagement.

(v) Participant will not divert or attempt to divert from the Corporation any business the Corporation had enjoyed or solicited from its customers during the two (2) years prior to the diversion or attempted diversion of such business.

(vi) Participant shall not make any disparaging statements about the Corporation to any of the Corporation's past, present, or future customers,

employees, clients, contractors, vendors, or to the media or to any other person either orally or by any other medium of communication, including internet communication. As used herein, the term "disparaging statement" means any communication, oral or written, which would cause or tend to cause humiliation or embarrassment or to cause a recipient of such communication to question the business condition, integrity, product, service, quality, confidence, or good character of the Corporation.

(b) Notwithstanding any other provision of the Plan or this Agreement, the Plan Administrator in its sole discretion may cancel this Award at any time prior to the issuance of the Shares, if the employment of Participant shall be terminated, other than by reason of death, unless the conditions in this Section 9 are met.

(c) Failure to comply with the conditions of this Section 9 prior to, or during the six months after, any payment or delivery pursuant to this Award shall cause the issuance of the Shares to be rescinded. The Corporation shall notify Participant in writing of any such rescission within two (2) years after delivery of the Shares, and within ten (10) days after receiving such notice, Participant shall either return the delivered Shares to the Corporation or pay to the Corporation the amount of the proceeds recognized upon any sale or other disposition of those Shares.

(d) Upon delivery of the Shares pursuant to this Award, the Plan Administrator may require Participant to certify on a form acceptable to the Plan Administrator, that Participant is in compliance with the terms and conditions of the Plan and this Agreement.

(e) This Award, and the right to receive and retain any Shares or cash payments covered by this Award, shall be subject to rescission, cancellation or recoupment, in whole or part, if and to the extent so provided under any "clawback" or similar policy of the Corporation in effect on the Award Date or that may be established thereafter, including any modification or amendment thereto, or as required by the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or other applicable law.

10. Notices. Any notice required to be given or delivered to the Corporation under the terms of this Agreement shall be in writing and addressed to the Secretary of the Corporation at its principal corporate office at 436 Seventh Avenue, Pittsburgh, PA 15219. Except to the extent electronic notice is expressly authorized hereunder, any notice required to be given or delivered to Participant shall be in writing and addressed to Participant at the address indicated below Participant's signature line on this Agreement. All notices shall be deemed effective upon personal delivery (or electronic delivery to the extent authorized hereunder) or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

11. Successors and Assigns. Except to the extent otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Corporation and its successors and assigns and Participant, Participant's assigns, the legal representatives, heirs and legatees of Participant's estate and any beneficiaries of the Award designated by Participant.

12. Construction. This Agreement and the Award evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan. All decisions of the Plan Administrator with respect to any question or issue arising

under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in the Award.

13. Governing Law. The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the Commonwealth of Pennsylvania without resort to Pennsylvania's conflict-of-laws rules.

14. Employment at Will. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Parent or Subsidiary employing or retaining Participant) or of Participant, which rights are hereby expressly reserved by each, to terminate Participant's Service at any time for any reason, with or without cause, unless such rights have otherwise been limited pursuant to a separate agreement between the Corporation (or any Parent or Subsidiary) and Participant.

15. Section 409A. This Award is intended to be excepted from coverage under, or compliant with the provisions of, Section 409 of the Code and the regulations promulgated thereunder ("Section 409A") and shall be construed accordingly. Notwithstanding the foregoing or any provision of the Plan to the contrary, if the Award is subject to the provisions of Section 409A (and not excepted therefrom), the provisions of the Plan and this Agreement shall be administered, interpreted and construed in a manner necessary to comply with Section 409A (or disregarded to the extent such provision cannot be so administered, interpreted, or construed). If any payments or benefits hereunder may be deemed to constitute nonconforming deferred compensation subject to taxation under the provisions of Section 409A, Participant agrees that the Corporation may, without the consent of Participant, modify the Agreement and the Award to the extent and in the manner the Corporation deems necessary or advisable or take such other action or actions, including an amendment or action with retroactive effect, that the Corporation deems appropriate in order either to preclude any such payments or benefits from being deemed "deferred compensation" within the meaning of Section 409A or to provide such payments or benefits in a manner that complies with the provisions of Section 409A such that they will not be taxable thereunder. Notwithstanding, the Corporation makes no representations and/or warranties with respect to compliance with Section 409A, and Participant recognizes and acknowledges that Section 409A could potentially impose upon Participant certain taxes or interest charges for which Participant is and shall remain solely responsible.

IN WITNESS WHEREOF, the parties have executed this Agreement on the Award Date indicated above.

KOPPERS HOLDINGS INC.

By: _____

Title: President and Chief Executive Officer

Participant

Signature: _____

Address: _____

DEFINITIONS

The following definitions shall be in effect under the Agreement:

Administrator. A. Affiliate means any entity that, directly or through one or more intermediaries, is controlled by the Corporation, and any entity in which the Corporation has a significant equity interest as determined by the Plan

B. Agreement shall mean this Restricted Stock Unit Issuance Agreement.

C. Award shall mean the award of restricted stock units made to Participant pursuant to the terms of this Agreement.

D. Award Date shall mean the date the restricted stock units are awarded to Participant pursuant to the Agreement and shall be the date indicated in Paragraph 1 of the Agreement.

E. Board shall mean the Corporation's Board of Directors.

F. Change in Control of the Corporation shall have occurred in the event that:

(i) a person, partnership, joint venture, corporation or other entity, or two or more of any of the foregoing acting as a "person" within the meaning of Sections 13(d)(3) of the 1934 Act, other than the Corporation, a majority-owned subsidiary of the Corporation or an employee benefit plan of the Corporation or such subsidiary (or such plan's related trust), become(s) the "beneficial owner" (as defined in Rule 13d-3 under the Act) of fifty percent (50%) or more of the then outstanding voting stock of the Corporation;

(ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board (together with any new Board member whose election by the Corporation's Board or whose nomination for election by the Corporation's stockholders, was approved by a vote of at least two-thirds of the Board members then still in office who either were Board members at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board members then in office;

(iii) all or substantially all of the business of the Corporation is disposed of pursuant to a merger, consolidation or other transaction in which the Corporation is not the surviving corporation or the Corporation combines with another company and is the surviving corporation (unless the Corporation's stockholders immediately following such merger, consolidation, combination, or other transaction beneficially own, directly or indirectly, more than fifty percent (50%) of the aggregate voting stock or other ownership interests of (x) the entity or entities, if any, that succeed to the business of the Corporation or (y) the combined company);

(iv) the closing of the sale of all or substantially all of the assets of the Corporation or a liquidation or dissolution of the Corporation; or

(v) the acquisition, directly or indirectly, by any person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation of beneficial ownership (within the meaning of Rule 13d-3 of the Act) of securities possessing more than twenty percent (20%) of the total combined voting power of the Corporation's outstanding securities pursuant to a tender or exchange offer made directly to the Corporation's stockholders which the Board does not recommend such stockholders to accept.

G. Code shall mean the Internal Revenue Code of 1986, as amended.

H. Common Stock shall mean shares of the Corporation's common stock.

I. Corporation shall mean Koppers Holdings Inc., a Pennsylvania corporation, and any successor corporation to all or substantially all of the assets or voting stock of Koppers Holdings Inc. which shall by appropriate action adopt the Plan.

J. Employee shall mean an individual who is in the employ of the Corporation (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

K. Fair Market Value per share of Common Stock on any relevant date shall be determined in accordance with the following provisions:

(i) If the Common Stock is at the time traded on the Nasdaq Global Market, then the Fair Market Value shall be the closing selling price per share of Common Stock at the close of regular hours trading (i.e., before after-hours trading begins) on the Nasdaq Global Market on the date in question, as such price is reported by the National Association of Securities Dealers for that particular Stock Exchange. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(ii) If the Common Stock is at the time listed on any other Stock Exchange, then the Fair Market Value shall be the closing selling price per share of Common Stock at the close of regular hours trading (i.e., before after-hours trading begins) on the date in question on the Stock Exchange determined by the Plan Administrator to be the primary market for the Common Stock, as such price is officially quoted in the composite tape of transactions on such exchange. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

L. Misconduct shall mean the commission of any act of fraud, embezzlement or dishonesty by Participant, any unauthorized use or disclosure by Participant of confidential information or trade secrets of the Corporation (or any Parent or Subsidiary), or

any other intentional misconduct by Participant adversely affecting the business or affairs of the Corporation (or any Parent or Subsidiary) in a material manner. The foregoing definition shall not in any way preclude or restrict the right of the Corporation (or any Parent or Subsidiary) to discharge or dismiss Participant or any other person in the Service of the Corporation (or any Parent or Subsidiary) for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of the Plan or this Agreement, to constitute grounds for termination for Misconduct.

M. 1934 Act shall mean the Securities Exchange Act of 1934, as amended from time to time.

N. Participant shall mean the person to whom the Award is made pursuant to the Agreement.

O. Parent shall mean any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

P. Permanent Disability shall mean the inability of a Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which is expected to result in death or to be of continuous duration of twelve (12) months or more.

Q. Plan shall mean the Corporation's Amended and Restated 2005 Long-Term Incentive Plan.

R. Plan Administrator shall mean the committee(s) designated by the Board to administer the Plan.

S. Retirement shall mean Participant's voluntary termination from Service (i) on or after his attainment of age sixty five (65), or (ii) on or after his attainment of age 55 with at least ten (10) years of service, or involuntary termination from Service with at least thirty (30) years of service other than in connection with a termination for Misconduct. "Years of service" means Participant's total number of years of "accumulated service" as such term is defined with respect to salaried employees under the Retirement Plan for Koppers Inc. (regardless of whether Participant is eligible to receive a benefit under such plan).

T. Service shall mean Participant's performance of services for the Corporation (or any Parent or Subsidiary) in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor. For purposes of this Agreement, Participant shall be deemed to cease Service immediately upon the occurrence of either of the following events: (i) Participant no longer performs services in any of the foregoing capacities for the Corporation (or any Parent or Subsidiary) or (ii) the entity for which Participant performs such services ceases to remain a Parent or Subsidiary of the Corporation, even though Participant may subsequently continue to perform services for that entity. Service shall not be deemed to cease during a period of military leave, sick leave or other personal leave approved by the Corporation; provided, however, that except to the extent otherwise required by law or expressly authorized by the Plan Administrator or by the Corporation's written policy on

leaves of absence, no Service credit shall be given for vesting purposes for any period Participant is on a leave of absence.

U. Stock Exchange shall mean the American Stock Exchange, the Nasdaq Global Market or the New York Stock Exchange.

V. Subsidiary shall mean any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

W. Withholding Taxes shall mean the federal, state and local income and employment taxes required to be withheld by the Corporation in connection with the vesting and concurrent issuance of the shares of Common Stock under the Award, including any additional shares resulting from the dividend equivalent right provisions of the Award.

KOPPERS HOLDINGS INC.

RESTRICTED STOCK UNIT ISSUANCE AGREEMENT – TIME VESTING

RECITALS

A. The Board has adopted the Plan for the purpose of retaining the services of selected Employees, non-employee members of the Board (or the board of directors of any Parent or Subsidiary) and consultants and other independent advisors who provide services to the Corporation (or any Parent or Subsidiary).

B. Participant is to render valuable services to the Corporation (or a Parent or Subsidiary), and this Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Corporation's issuance of shares of Common Stock to Participant under the Plan.

C. All capitalized terms in this Agreement shall have the meaning assigned to them in the attached Appendix A.

NOW, THEREFORE, it is hereby agreed as follows:

1. Grant of Restricted Stock Units. The Corporation hereby awards to Participant, as of the Award Date, Restricted Stock Units under the Plan. Each Restricted Stock Unit represents the right to receive one share of Common Stock on the specified issuance date following the vesting of that unit. The number of shares of Common Stock subject to the awarded Restricted Stock Units, the applicable vesting schedule for those shares, the date on which those vested shares shall become issuable to Participant and the remaining terms and conditions governing the award (the "Award") shall be as set forth in this Agreement.

AWARD SUMMARY

<u>Award Date:</u>	February 18, 2014
<u>Number of Shares Subject to Award:</u>	shares of Common Stock (the "Shares")
<u>Vesting Schedule:</u>	The Shares shall vest upon Participant's completion of Service through December 31, 2014. However, one or more Shares may be subject to accelerated vesting in accordance with the provisions of Paragraph 5 of this Agreement and vested Shares are subject to the risk of forfeiture pursuant to Paragraph 9 of this Agreement.

Issuance Schedule:

For those Shares in which Participant vests in accordance with the foregoing Vesting Schedule, one-third of the Shares shall become issuable twelve (12) months from the Award Date, one-third of the Shares shall become issuable (24) months from the Award Date, and one-third of the Shares shall become issuable thirty-six (36) months from the Award Date, or all of the Shares shall become issuable immediately upon earlier vesting upon termination of Service by reason of death, Permanent Disability or Retirement before December 31, 2014 in accordance with the provisions of Paragraph 5 of this Agreement (the "Issue Date"). The actual issuance of the Shares shall be subject to the Corporation's collection of all applicable Withholding Taxes and shall be effected on the applicable Issue Date or as soon as administratively practicable thereafter, but in no event later than the close of the calendar year in which such Issue Date occurs or (if later) the fifteenth (15th) day of the third (3rd) calendar month following such Issue Date. The procedures pursuant to which the applicable Withholding Taxes are to be collected are set forth in Paragraph 7 of this Agreement.

2. Limited Transferability. Prior to the actual issuance of the Shares which vest hereunder, Participant may not transfer any interest in the Award or the underlying Shares; provided, however, any Shares which vest hereunder but which otherwise remain unissued at the time of Participant's death may be transferred pursuant to the provisions of Participant's will or the laws of inheritance or to Participant's designated beneficiary or beneficiaries of this Award. Participant may make a beneficiary designation for this Award at any time by filing the appropriate form with the Plan Administrator or its designee.

3. Cessation of Service. Except as otherwise provided in Paragraph 5 below, should Participant cease Service for any reason prior to vesting in one or more Shares subject to this Award, then the Award will be immediately cancelled with respect to those unvested Shares, and the number of Restricted Stock Units will be reduced accordingly. Participant shall thereupon cease to have any right or entitlement to receive any Shares under those cancelled units.

4. Stockholder Rights and Dividend Equivalents

(a) The holder of this Award shall not have any stockholder rights, including voting or dividend rights, with respect to the Shares subject to the Award until Participant becomes the record holder of those Shares following their actual issuance upon the Corporation's collection of the applicable Withholding Taxes.

(b) Notwithstanding the foregoing, should any stock dividend, whether regular or extraordinary, be declared and paid on the outstanding Common Stock while one or more Shares remain subject to this Award (i.e., those Shares are not otherwise issued and outstanding for purposes of entitlement to the dividend or distribution), then Participant shall automatically be credited with an additional number of Restricted Stock Units equal to the number of shares of Common Stock which would have been paid on the Shares (plus the number of additional shares previously credited to Participant pursuant to the dividend equivalent right provisions of this Paragraph 4) at the time subject to this Award had those Shares been actually issued and outstanding and entitled to that dividend. The additional Restricted Stock Units so credited shall vest at the same time as the Shares to which they relate and shall be distributed to Participant concurrently with the issuance of those Shares on the

applicable Issue Date. However, each such distribution shall be subject to the Corporation's collection of the Withholding Taxes applicable to that distribution.

(c) Notwithstanding the foregoing, should any cash dividend, whether regular or extraordinary, be declared and paid on the outstanding Common Stock while one or more Shares remain subject to this Award (i.e., those Shares are not otherwise issued and outstanding for purposes of entitlement to the dividend or distribution), then a special book account shall be established for Participant and credited with a dollar amount equal to the amount of that dividend paid per share multiplied by the number of Restricted Stock Units at the time subject to this Award (plus the number of additional shares previously credited to Participant pursuant to the dividend equivalent right provisions of this Paragraph 4) as of the record date for the dividend. As of the first business day in January each year, the cash dividend amounts credited to the special book account during the immediately preceding calendar year shall be converted into a book entry of an additional number of Restricted Stock Units determined by dividing (i) those cash dividend equivalent amounts by (ii) the average of the Fair Market Value per share of Common Stock on each of the dates in the immediately preceding calendar year on which those dividends on the outstanding Common Stock were paid. The additional Restricted Stock Units so credited shall vest at the same time as the Shares to which they relate and shall be distributed to Participant concurrently with the issuance of those Shares on the applicable Issue Date. However, each such distribution shall be subject to the Corporation's collection of the Withholding Taxes applicable to that distribution.

5. Accelerated Vesting/Change in Control.

(a) Should Participant's Service terminate by reason of his termination of employment by the Corporation without Cause, death or Permanent Disability prior to the scheduled vesting date for the Shares set forth in Paragraph 1, then Participant shall immediately vest in the number of Shares in which Participant would have been vested at the time of such termination had the Participant continued in the Corporation's Service through December 31, 2014. Should Participant's Service terminate by reason of his Retirement prior to the scheduled vesting date for the Shares set forth in Paragraph 1, then Participant shall immediately vest in the number of Shares in which Participant would have been vested at the time of such termination had the Shares subject to this Award vested in a series of thirty-six (36) successive equal monthly installments over the duration of a three (3)-year vesting schedule commencing on the Award Date.

(b) Any Restricted Stock Units subject to this Award at the time of a Change in Control may be assumed by the successor entity or otherwise continued in full force and effect or may be replaced with a cash retention program of the successor entity which preserves the Fair Market Value of the unvested shares of Common Stock subject to the Award at the time of the Change in Control and provides for subsequent payout of that value in accordance with the same (or more favorable) vesting schedule in effect for the Award at the time of such Change in Control. In the event of such assumption or continuation of the Award or such replacement of the Award with a cash retention program, no accelerated vesting of the Restricted Stock Units shall occur at the time of the Change in Control.

(c) In the event the Award is assumed or otherwise continued in effect, the Restricted Stock Units subject to the Award shall be adjusted immediately after the consummation of the Change in Control so as to apply to the number and class of securities into which the Shares subject to those units immediately prior to the Change in Control would have been converted in consummation of that Change in Control had those Shares actually been

issued and outstanding at that time. To the extent the actual holders of the outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation (or parent entity) may, in connection with the assumption or continuation of the Restricted Stock Units subject to the Award at that time, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in the Change in Control transaction, provided such common stock is readily tradable on an established U.S. securities exchange or market.

(d) If the Restricted Stock Units subject to this Award at the time of the Change in Control are not assumed or otherwise continued in effect or replaced with a cash retention program in accordance with Paragraph 5(a), then those units will vest immediately prior to the closing of the Change in Control. The Shares subject to those vested units, together with any other Shares in which Participant is at that time vested, will be issued on the Issue Date triggered by the Change in Control (or otherwise converted into the right to receive the same consideration per share of Common Stock payable to the other stockholders of the Corporation in consummation of that Change in Control and distributed at the same time as such stockholder payments), subject to the Corporation's collection of the applicable Withholding Taxes pursuant to the provisions of Paragraph 7. For purposes of this Section 5(d), the Issue Date shall be the effective date of the Change in Control so long as it qualifies as a "change in the ownership or effective control" of the Corporation within the meaning of Section 409A(a)(2)(A)(v) of the Code and regulations thereunder. If it does not so qualify, the Issue Date shall be the date that is three (3) years from the Award Date.

(e) Upon an involuntary termination of Participant's Service for reasons other than Misconduct within twenty-four (24) months following a Change in Control transaction which does not otherwise result in the accelerated vesting of the Restricted Stock Units pursuant to the provisions of subparagraph (d) of this Paragraph 5, all unvested Restricted Stock Units hereunder shall immediately vest at that time. Any unvested cash account maintained on Participant's behalf pursuant to the cash retention program established in accordance with subparagraph (b) of this Paragraph 5 shall also vest at the time of such involuntary termination. The Issue Date for such vested Shares or cash shall be six months after the date of termination (or, if earlier, the date that is three (3) years from the Award Date), so long as the Change in Control qualifies as a "change in the ownership or effective control" of the Corporation within the meaning of Section 409A(a)(2)(A)(v) of the Code and regulations thereunder. If it does not so qualify, the Issue Date shall be the date that is three (3) years from the Award Date.

(f) This Agreement shall not in any way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

6. Adjustment in Shares. In the event of any of the following transactions affecting the outstanding shares of Common Stock as a class without the Corporation's receipt of consideration: any stock split, stock dividend, spin-off transaction, extraordinary distribution (whether in cash, securities or other property), recapitalization, combination of shares, exchange of shares or other similar transaction affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration or in the event of a substantial reduction to the value of the outstanding shares of Common Stock by reason of a spin-off transaction or extraordinary distribution, then equitable adjustments shall be made to the total number and/or

class of securities issuable pursuant to this Award in such manner as the Plan Administrator deems appropriate in order to reflect such change and thereby prevent the dilution or enlargement of benefits hereunder. In determining such adjustments, the Plan Administrator shall take into account any amounts credited to Participant pursuant to the dividend equivalent right provisions of Paragraph 4 in connection with such transaction, and the determination of the Plan Administrator shall be final, binding and conclusive.

7. Collection of Withholding Taxes.

(a) Upon the applicable Issue Date, the Corporation shall issue to or on behalf of Participant a certificate (which may be in electronic form) for the applicable number of underlying shares of Common Stock, subject, however, to the Corporation's collection of the applicable Withholding Taxes.

(b) Until such time as the Corporation provides Participant with written or electronic notice to the contrary, the Corporation shall collect Withholding Taxes required to be withheld with respect to the issuance of the vested Shares hereunder (including shares attributable to the dividend equivalent rights provided under Paragraph 4) through an automatic share withholding procedure pursuant to which the Corporation will withhold, at the time of such issuance, a portion of the Shares with a Fair Market Value (measured as of the issuance date) equal to the amount of those taxes (the "Share Withholding Method"); provided, however, that the amount of any Shares so withheld shall not exceed the amount necessary to satisfy the Corporation's required tax withholding obligations using the minimum statutory withholding rates for federal and state tax purposes that are applicable to supplemental taxable income. Participant shall be notified in writing or electronically in the event such Share Withholding Method is no longer available.

(c) Should any Shares (including shares attributable to the dividend equivalent rights provided under Paragraph 4) be distributed at a time when the Share Withholding Method is not available, then the Withholding Taxes required to be withheld with respect to those Shares shall be collected from Participant through either of the following alternatives:

- Participant's delivery of his separate check payable to the Corporation in the amount of such taxes, or
- the use of the proceeds from a next-day sale of the Shares issued to Participant, provided and only if (i) such a sale is permissible under the Corporation's trading policies governing the sale of Common Stock, (ii) Participant makes an irrevocable commitment, on or before the Issue Date for those Shares, to effect such sale of the Shares and (iii) the transaction is not otherwise deemed to constitute a prohibited loan under Section 402 of the Sarbanes-Oxley Act of 2002.

(d) Except as otherwise provided in Paragraph 4 and Paragraph 5(b) the settlement of all Restricted Stock Units which vest under the Award shall be made solely in shares of Common Stock. In no event, however, shall any fractional shares be issued. Accordingly, the total number of shares of Common Stock to be issued pursuant to the Award shall, to the extent necessary, be rounded down to the next whole share in order to avoid the issuance of a fractional share.

8. Compliance with Laws and Regulations. The issuance of shares of Common

9. Additional Conditions.

(a) The Corporation may cancel this Award, and Participant shall cease to have any further right to the underlying Shares, at any time Participant is not in compliance with this Agreement, the Plan and the following conditions:

(i) Participant shall not render services for any organization or engage, directly or indirectly, in any business which, in the judgment of the Plan Administrator or, if delegated by the Plan Administrator to the Chief Executive Officer, in the judgment of such officer, is or becomes competitive with the Corporation or any Affiliate, or which is or becomes otherwise prejudicial to or in conflict with the interests of the Corporation or any Affiliate. Such judgment shall be based on Participant's positions and responsibilities while employed by the Corporation or an Affiliate, Participant's post-Service responsibilities and position with the other organization or business, the extent of past, current and potential competition or conflict between the Corporation or an Affiliate and the other organization or business, the effect on customers, suppliers and competitors of Participant's assuming the post-Service position and such other considerations as are deemed relevant given the applicable facts and circumstances. Participant shall be free, however, to purchase as an investment or otherwise, stock or other securities of such organization or business so long as they are listed upon a recognized securities exchange or traded over the counter, and such investment does not represent a substantial investment to Participant or a greater than one percent (1%) equity interest in the organization or business.

(ii) Participant shall not, without prior written authorization from the Corporation, disclose to anyone outside the Corporation, or use in other than the Corporation's business, any secret or confidential information, knowledge or data, relating to the business of the Corporation or an Affiliate in violation of his agreement with the Corporation or the Affiliate.

(iii) Participant shall disclose promptly and assign to the Corporation or the Affiliate all right, title and interest in any invention or idea, patentable or not, made or conceived by Participant during employment by the Corporation or the Affiliate, relating in any manner to the actual or anticipated business, research or development work of the Corporation or the Affiliate and shall do anything reasonably necessary to enable the Corporation or the Affiliate to secure a patent where appropriate in the United States and in foreign countries.

(iv) Participant shall not in any way, directly or indirectly (a) induce or attempt to induce any employee of the Corporation to quit employment with the Corporation; (b) otherwise interfere with or disrupt the Corporation's relationship with its employees; (c) solicit, entice, or hire away any employee of the Corporation; or (d) hire or engage any employee of the Corporation or any former employee of the Corporation whose employment with the Corporation ceased less than one (1) year before the date of such hiring or engagement.

(v) Participant will not divert or attempt to divert from the Corporation any business the Corporation had enjoyed or solicited from its customers during the two (2) years prior to the diversion or attempted diversion of such business.

(vi) Participant shall not make any disparaging statements about the Corporation to any of the Corporation's past, present, or future customers, employees, clients, contractors, vendors, or to the media or to any other person either orally or by any other medium of communication, including internet communication. As used herein, the term "disparaging statement" means any communication, oral or written, which would cause or tend to cause humiliation or embarrassment or to cause a recipient of such communication to question the business condition, integrity, product, service, quality, confidence, or good character of the Corporation.

(vii) Participant shall not violate any covenants contained in the Employment Agreement between the Participant and the Corporation, effective January 1, 2013.

(b) Notwithstanding any other provision of the Plan or this Agreement, the Plan Administrator in its sole discretion may cancel this Award at any time prior to the issuance of the Shares, if the employment of Participant shall be terminated, other than by reason of death, unless the conditions in this Section 9 are met.

(c) Failure to comply with the conditions of this Section 9 prior to, or during the six months after, any payment or delivery pursuant to this Award shall cause the issuance of the Shares to be rescinded. The Corporation shall notify Participant in writing of any such rescission within two (2) years after delivery of the Shares, and within ten (10) days after receiving such notice, Participant shall either return the delivered Shares to the Corporation or pay to the Corporation the amount of the proceeds recognized upon any sale or other disposition of those Shares.

(d) Upon delivery of the Shares pursuant to this Award, the Plan Administrator may require Participant to certify on a form acceptable to the Plan Administrator, that Participant is in compliance with the terms and conditions of the Plan and this Agreement.

(e) This Award, and the right to receive and retain any Shares or cash payments covered by this Award, shall be subject to rescission, cancellation or recoupment, in whole or part, if and to the extent so provided under any "clawback" or similar policy of the Corporation in effect on the Award Date or that may be established thereafter, including any modification or amendment thereto, or as required by the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or other applicable law.

10. Notices. Any notice required to be given or delivered to the Corporation under the terms of this Agreement shall be in writing and addressed to the Secretary of the Corporation at its principal corporate office at 436 Seventh Avenue, Pittsburgh, PA 15219. Except to the extent electronic notice is expressly authorized hereunder, any notice required to be given or delivered to Participant shall be in writing and addressed to Participant at the address indicated below Participant's signature line on this Agreement. All notices shall be deemed effective upon personal delivery (or electronic delivery to the extent authorized hereunder) or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

11. Successors and Assigns. Except to the extent otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Corporation and its successors and assigns and Participant, Participant's assigns, the legal representatives, heirs and legatees of Participant's estate and any beneficiaries of the Award designated by Participant.

12. Construction. This Agreement and the Award evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan. All decisions of the Plan Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in the Award.

13. Governing Law. The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the Commonwealth of Pennsylvania without resort to Pennsylvania's conflict-of-laws rules.

14. Employment at Will. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Parent or Subsidiary employing or retaining Participant) or of Participant, which rights are hereby expressly reserved by each, to terminate Participant's Service at any time for any reason, with or without cause, unless such rights have otherwise been limited pursuant to a separate agreement between the Corporation (or any Parent or Subsidiary) and Participant.

15. Section 409A. This Award is intended to be excepted from coverage under, or compliant with the provisions of, Section 409 of the Code and the regulations promulgated thereunder ("Section 409A") and shall be construed accordingly. Notwithstanding the foregoing or any provision of the Plan to the contrary, if the Award is subject to the provisions of Section 409A (and not excepted therefrom), the provisions of the Plan and this Agreement shall be administered, interpreted and construed in a manner necessary to comply with Section 409A (or disregarded to the extent such provision cannot be so administered, interpreted, or construed). If any payments or benefits hereunder may be deemed to constitute nonconforming deferred compensation subject to taxation under the provisions of Section 409A, Participant agrees that the Corporation may, without the consent of Participant, modify the Agreement and the Award to the extent and in the manner the Corporation deems necessary or advisable or take such other action or actions, including an amendment or action with retroactive effect, that the Corporation deems appropriate in order either to preclude any such payments or benefits from being deemed "deferred compensation" within the meaning of Section 409A or to provide such payments or benefits in a manner that complies with the provisions of Section 409A such that they will not be taxable thereunder. Notwithstanding, the Corporation makes no representations and/or warranties with respect to compliance with Section 409A, and Participant recognizes and acknowledges that Section 409A could potentially impose upon Participant certain taxes or interest charges for which Participant is and shall remain solely responsible.

IN WITNESS WHEREOF, the parties have executed this Agreement on the Award Date indicated above.

KOPPERS HOLDINGS INC.

By: _____
Title: Senior Vice President
Administration and General Counsel

Participant

Signature: _____
Address: _____

DEFINITIONS

The following definitions shall be in effect under the Agreement:

Administrator. A. Affiliate means any entity that, directly or through one or more intermediaries, is controlled by the Corporation, and any entity in which the Corporation has a significant equity interest as determined by the Plan

B. Agreement shall mean this Restricted Stock Unit Issuance Agreement.

C. Award shall mean the award of restricted stock units made to Participant pursuant to the terms of this Agreement.

D. Award Date shall mean the date the restricted stock units are awarded to Participant pursuant to the Agreement and shall be the date indicated in Paragraph 1 of the Agreement.

E. Board shall mean the Corporation's Board of Directors.

F. Cause shall mean "Cause" as defined in the Employment Agreement between the Participant and the Corporation, effective January 1, 2013.

G. Change in Control of the Corporation shall have occurred in the event that:

(i) a person, partnership, joint venture, corporation or other entity, or two or more of any of the foregoing acting as a "person" within the meaning of Sections 13(d)(3) of the 1934 Act, other than the Corporation, a majority-owned subsidiary of the Corporation or an employee benefit plan of the Corporation or such subsidiary (or such plan's related trust), become(s) the "beneficial owner" (as defined in Rule 13d-3 under the Act) of fifty percent (50%) or more of the then outstanding voting stock of the Corporation;

(ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board (together with any new Board member whose election by the Corporation's Board or whose nomination for election by the Corporation's stockholders, was approved by a vote of at least two-thirds of the Board members then still in office who either were Board members at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board members then in office;

(iii) all or substantially all of the business of the Corporation is disposed of pursuant to a merger, consolidation or other transaction in which the Corporation is not the surviving corporation or the Corporation combines with another company and is the surviving corporation (unless the Corporation's stockholders immediately following such merger, consolidation, combination, or other transaction beneficially own, directly or indirectly, more than fifty percent (50%) of the aggregate

voting stock or other ownership interests of (x) the entity or entities, if any, that succeed to the business of the Corporation or (y) the combined company);

(iv) the closing of the sale of all or substantially all of the assets of the Corporation or a liquidation or dissolution of the Corporation; or

(v) the acquisition, directly or indirectly, by any person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation of beneficial ownership (within the meaning of Rule 13d-3 of the Act) of securities possessing more than twenty percent (20%) of the total combined voting power of the Corporation's outstanding securities pursuant to a tender or exchange offer made directly to the Corporation's stockholders which the Board does not recommend such stockholders to accept.

H. Code shall mean the Internal Revenue Code of 1986, as amended.

I. Common Stock shall mean shares of the Corporation's common stock.

J. Corporation shall mean Koppers Holdings Inc., a Pennsylvania corporation, and any successor corporation to all or substantially all of the assets or voting stock of Koppers Holdings Inc. which shall by appropriate action adopt the Plan.

K. Employee shall mean an individual who is in the employ of the Corporation (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

L. Fair Market Value per share of Common Stock on any relevant date shall be determined in accordance with the following provisions:

(i) If the Common Stock is at the time traded on the Nasdaq Global Market, then the Fair Market Value shall be the closing selling price per share of Common Stock at the close of regular hours trading (i.e., before after-hours trading begins) on the Nasdaq Global Market on the date in question, as such price is reported by the National Association of Securities Dealers for that particular Stock Exchange. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(ii) If the Common Stock is at the time listed on any other Stock Exchange, then the Fair Market Value shall be the closing selling price per share of Common Stock at the close of regular hours trading (i.e., before after-hours trading begins) on the date in question on the Stock Exchange determined by the Plan Administrator to be the primary market for the Common Stock, as such price is officially quoted in the composite tape of transactions on such exchange. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

M. Misconduct shall mean the commission of any act of fraud, embezzlement or dishonesty by Participant, any unauthorized use or disclosure by Participant of confidential information or trade secrets of the Corporation (or any Parent or Subsidiary), or any other intentional misconduct by Participant adversely affecting the business or affairs of the Corporation (or any Parent or Subsidiary) in a material manner. The foregoing definition shall not in any way preclude or restrict the right of the Corporation (or any Parent or Subsidiary) to discharge or dismiss Participant or any other person in the Service of the Corporation (or any Parent or Subsidiary) for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of the Plan or this Agreement, to constitute grounds for termination for Misconduct.

N. 1934 Act shall mean the Securities Exchange Act of 1934, as amended from time to time.

O. Participant shall mean the person to whom the Award is made pursuant to the Agreement.

P. Parent shall mean any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

Q. Permanent Disability shall mean the Participant's absence from the full-time performance of the Participant's duties with the Corporation for six (6) consecutive months, where within thirty (30) days after written notice of termination is given to the Participant, the Participant shall not have returned to full-time performance of the Participant's duties.

R. Plan shall mean the Corporation's Amended and Restated 2005 Long-Term Incentive Plan.

S. Plan Administrator shall mean the committee(s) designated by the Board to administer the Plan.

T. Retirement shall mean Participant's voluntary termination from Service (i) on or after his attainment of age sixty five (65), or (ii) on or after his attainment of age 55 with at least ten (10) years of service, or involuntary termination from Service with at least thirty (30) years of service other than in connection with a termination for Misconduct. "Years of service" means Participant's total number of years of "accumulated service" as such term is defined with respect to salaried employees under the Retirement Plan for Koppers Inc. (regardless of whether Participant is eligible to receive a benefit under such plan).

U. Service shall mean Participant's performance of services for the Corporation (or any Parent or Subsidiary) in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor. For purposes of this Agreement, Participant shall be deemed to cease Service immediately upon the occurrence of either of the following events: (i) Participant no longer performs services in any of the foregoing capacities for the Corporation (or any Parent or Subsidiary) or (ii) the entity for which Participant performs such services ceases to remain a Parent or Subsidiary of the Corporation, even though Participant may subsequently continue to perform services for that entity. Service shall

not be deemed to cease during a period of military leave, sick leave or other personal leave approved by the Corporation; provided, however, that except to the extent otherwise required by law or expressly authorized by the Plan Administrator or by the Corporation's written policy on leaves of absence, no Service credit shall be given for vesting purposes for any period Participant is on a leave of absence.

V. Stock Exchange shall mean the American Stock Exchange, the Nasdaq Global Market or the New York Stock Exchange.

W. Subsidiary shall mean any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

X. Withholding Taxes shall mean the federal, state and local income and employment taxes required to be withheld by the Corporation in connection with the vesting and concurrent issuance of the shares of Common Stock under the Award, including any additional shares resulting from the dividend equivalent right provisions of the Award.

**Senior Management Corporate Incentive Plan****Purpose:**

The purpose of the Koppers Senior Management Corporate Incentive Plan is three fold:

- To attract, motivate and retain key members of our management team.
- To stimulate these employees to use their innate creativity and entrepreneurial thinking in carrying out the responsibilities of their present assignments.
- To enhance the business growth and profitability of Koppers Inc. and its subsidiaries (the "Company") by providing those charged with leadership roles with an opportunity for additional compensation based upon their contributions to the achievement of the business goals of the Company.
- For purposes of this plan, Plan Year shall mean a calendar year during which the Plan is in effect.

Incentive Plan Goals:

- To align our management team's goals with those of our shareholders.
- To foster a spirit of teamwork and mutual supportiveness among key management members by emphasizing the importance of division performance and individual contributions made to the Company as a whole.
- To reinforce the principle of continual improvement and tie management compensation to continual improvement of company profitability and the creation of shareholder value.
- To encourage a sustained high level of personal performance among all Plan participants and to provide additional motivation for them to remain with the Company on a long-term basis as key members of our management team.

Incentive Plan Threshold Events:

- Any payments under this incentive plan will be subject to the Company's compliance with its debt covenants, including interest obligations and scheduled repayment of debt.
- The participant's job performance during the period in question must meet acceptable standards and be in accordance with Company policy.
- Notwithstanding anything in this incentive plan to the contrary, the decision to make any payments under this incentive plan and the amount of such payments will be subject to the discretion of the Chief Executive Officer (the "CEO"), Management Development &

Compensation Committee (the "Committee") and/or Board of Directors (the "Board") of the Company.

- Unless otherwise approved by the Committee or the Board, gains and losses arising from non-recurring and non-operating transactions (such as, but not limited to, restructuring charges/reversals, impact of lawsuit outcomes, unbudgeted sales/divestitures and changes in accounting rules) will be excluded from calculations of EPS and Value Creation under this Plan.

Incentive Funding:

80% of a participant's incentive opportunity will be based on Value Creation goals and EPS goals and individual goals, while 20% will be based solely on individual goals independent of Value Creation and EPS goals.

The following measures will be rewarded under the Plan (80%):

- *EPS (60% weighting):* Basic earnings per share calculated according to generally accepted accounting principles, subject to any adjustments approved by the Committee or the Board.
- *Value Creation (40% weighting):* Calculated as EBIT minus (a capital charge of 15% times the amount of capital committed to the respective unit or corporation) subject to any adjustments approved by the Committee or the Board.
 - Calculated at the total corporate level

For each measure identified above, a threshold, target and maximum will be established for each Plan Year. Achievement of the threshold performance will result in the threshold payout being contributed to the incentive pool (awards for performance between the threshold and the target are determined by interpolation). Achievement of the target performance will result in the target payout being contributed to the incentive pool. Achievement of the maximum performance will result the maximum payout being contributed to the incentive pool (awards for performance between target and maximum are determined by interpolation).

A matrix will be distributed to participants in the incentive plan at the beginning of each Plan Year, which matrix will list the applicable threshold, target and maximum performance and payout amounts.

Individual Performance Goals (20%) – For each plan year, the full target payout will be contributed to the incentive pool.

Payout Procedure:

Any incentive payments will be paid in cash within 2.5 months after the end of the Plan Year after all of the following:

- The CEO has had sufficient opportunity to review the performance of the participant during the Plan Year.

- The CEO has recommended allocations from the incentive pool to incentive plan participants.
- The Committee has received, reviewed and approved the audited incentive payment proposals.

Administrative Notes:

- If a Plan participant voluntarily terminates his/her employment during the Plan Year or if the Participant is terminated for cause before the payment occurs, no payment shall be made under the terms of this plan.
- If a Plan participant voluntarily terminates his/her employment after the Plan Year but before the payment occurs, payment of the participant's incentive award will be subject to the sole discretion of the CEO (as approved by the Committee and the Board).
- If a Plan participant's employment is terminated involuntarily without cause during the Plan Year, payment of a pro-rata share of the incentive award to which he/she would otherwise have been entitled at year-end will be subject to the sole discretion of the CEO (as approved by the Committee and the Board).
- If a Plan participant retires during the Plan Year, payment of a pro-rata share of the incentive award to which he/she would otherwise have been entitled at year-end will be subject to the discretion of the CEO (as approved by the Committee and the Board).
- If a Plan participant dies during the Plan Year, a pro-rata share of the incentive award to which he/she would otherwise have been entitled at year-end will be paid to the Plan participant's named beneficiary early in the following year.

**Management Incentive Plan (also called “KVA Plan”)****Eligibility:**

To be eligible for participation in the Koppers Inc. Management Incentive Plan, an employee must meet the following criteria:

- The employee must have a salary grade of at least 25 or higher.
- Employees hired on or before June 30th of the relevant Plan Year – eligibility for a pro-rata award in the current Plan Year will be subject to the discretion of the Chief Executive Officer of Koppers Inc. (the CEO). For purposes of this plan, Plan Year shall mean a calendar year during which the Plan is in effect.
- Employees hired after June 30th of the relevant Plan Year – no eligibility for a pro-rata award in the current Plan Year, but eligible for consideration in the following Plan Year.
- Notwithstanding the above, participation in the Plan is at the discretion of the CEO.

Purpose:

The purpose of the Koppers Inc. Management Incentive Plan is threefold:

- To attract, motivate and retain key members of our management team.
- To stimulate these employees to use their innate creativity and entrepreneurial thinking in carrying out the responsibilities of their present assignments.
- To enhance the business growth and profitability of Koppers Inc. and its subsidiaries (the “Company”) by providing those charged with leadership roles with an opportunity for additional compensation based upon their contributions to the achievement of the business goals of the Company.

Incentive Plan Goals:

- To align our management team’s goals with those of our shareholders.
- To foster a spirit of teamwork and mutual supportiveness among key management members by emphasizing the importance of division performance and individual contributions made to the Company as a whole.
- To reinforce the principle of continual improvement and tie management compensation to continual improvement of company profitability and the creation of shareholder value.
- To encourage a sustained high level of personal performance among all Plan participants and to provide additional motivation for them to remain with the Company on a long-term basis as key members of our management team.

Incentive Plan Threshold Events:

- Any payments under this incentive plan will be subject to the Company's compliance with its debt covenants, including interest obligations and scheduled repayment of debt.
- The participant's job performance during the period in question must meet acceptable standards and be in accordance with Company policy before the participant shall receive any award under this incentive plan.
- Notwithstanding anything in this incentive plan to the contrary, the decision to make any payments under this incentive plan and the amount of such payments will be subject to the discretion of the CEO, Management Development & Compensation Committee (the "Committee") and/or Board of Directors (the "Board") of the Company.
- Unless otherwise approved by the Committee or the Board, gains and losses arising from non-recurring and non-operating transactions (such as, but not limited to, restructuring charges/reversals, impact of lawsuit outcomes, unbudgeted sales/divestitures and changes in accounting rules) will be excluded from calculations of Value Creation under this Plan.

Incentive Pool Funding:

80% of a participant's incentive opportunity will be based on Value Creation goals and individual goals, while 20% will be based solely on individual goals independent of Value Creation goals.

Value Creation Goals (80%) – For each Plan Year, the Committee shall define each performance unit and establish a value creation threshold, target and maximum for each performance unit (including corporate totals). Achievement of the threshold performance will result in the threshold payout being contributed to the incentive pool (awards for performance between the threshold and the target are determined by interpolation). Achievement of the target performance will result in the target payout being contributed to the incentive pool. Achievement of the maximum performance will result the maximum payout being contributed to the incentive pool (awards for performance between target and maximum are determined by interpolation).

A matrix will be distributed to participants in the incentive plan at the beginning of each Plan Year, which matrix will list the applicable threshold, target and maximum performance and payout amounts.

Value Creation is calculated as EBIT minus (a capital charge of 15% times the amount of capital committed to the respective unit or corporation), subject to any adjustments approved by the Committee or the Board.

Individual Performance Goals (20%) – For each plan year, the full target payout will be contributed to the incentive pool.

Payout Procedure:

Any incentive payments will be paid in cash within 2.5 months after the end of the Plan Year after all of the following:

- The Division General Manager and CEO have had sufficient opportunity to review the performance of the participant during the Plan Year.
- The CEO has recommended allocations from the incentive pool to incentive plan participants.
- The Management Development and Compensation Committee of the Board of Directors of the Company has received, reviewed and approved the audited incentive payment proposals.

Administrative Notes:

- If a Plan participant voluntarily terminates his/her employment during the Plan Year or if the Participant is terminated for cause before the payment occurs, no payment shall be made under the terms of this plan.
- If a Plan participant voluntarily terminates his/her employment after the Plan Year but before the payment occurs, payment of the participant's incentive award will be subject to the sole discretion of the CEO (as approved by the Committee and the Board).
- If a Plan participant's employment is terminated involuntarily without cause during Plan Year, payment of a pro-rata share of the incentive award to which he/she would otherwise have been entitled at year-end will be subject to the sole discretion of the CEO (as approved by the Committee and the Board).
- If a Plan participant retires during the Plan Year, payment of a pro-rata share of the incentive award to which he/she would otherwise have been entitled at year-end will be subject to the discretion of the CEO (as approved by the Committee and the Board).
- If a Plan participant dies during the Plan Year, a pro-rata share of the incentive award to which he/she would otherwise have been entitled at year-end will be paid to the Plan participant's named beneficiary early in the following year.

**EBIT Based Management Incentive Plan (also called "EBIT Plan")****Eligibility:**

To be eligible for participation in the Koppers Inc. EBIT Based Management Incentive Plan, an employee must meet the following criteria:

- The employee must have a salary grade of at least 25 or higher.
- Employees hired on or before June 30th of the relevant Plan Year – eligibility for a pro-rata award in the current Plan Year will be subject to the discretion of the Chief Executive Officer of Koppers Inc. (the CEO). For purposes of this plan, Plan Year shall mean a calendar year during which the Plan is in effect.
- Employees hired after June 30th of the relevant Plan Year – no eligibility for a pro-rata award in the current Plan Year, but eligible for consideration in the following Plan Year.
- Notwithstanding the above, participation in the Plan is at the discretion of the CEO.

Purpose:

The purpose of the Koppers Inc. EBIT Based Management Incentive Plan is threefold:

- To attract, motivate and retain key members of our management team.
- To stimulate these employees to use their innate creativity and entrepreneurial thinking in carrying out the responsibilities of their present assignments.
- To enhance the business growth and profitability of Koppers Inc. and its subsidiaries (the "Company") by providing those charged with leadership roles with an opportunity for additional compensation based upon their contributions to the achievement of the business goals of the Company.

Incentive Plan Goals:

- To align our management team's goals with those of our shareholders.
- To foster a spirit of teamwork and mutual supportiveness among key management members by emphasizing the importance of division performance and individual contributions made to the Company as a whole.
- To reinforce the principle of continual improvement and tie management compensation to continual improvement of company profitability and the creation of shareholder value.
- To encourage a sustained high level of personal performance among all Plan participants and to provide additional motivation for them to remain with the Company on a long-term basis as key members of our management team.

Incentive Plan Threshold Events:

- Any payments under this incentive plan will be subject to the Company's compliance with its debt covenants, including interest obligations and scheduled repayment of debt.
- The participant's job performance during the period in question must meet acceptable standards and be in accordance with Company policy before the participant shall receive any award under this incentive plan.
- Notwithstanding anything in this incentive plan to the contrary, the decision to make any payments under this incentive plan and the amount of such payments will be subject to the discretion of the CEO, Management Development & Compensation Committee (the "Committee") and/or Board of Directors (the "Board") of the Company.
- Unless otherwise approved by the Committee or the Board, gains and losses arising from non-recurring and non-operating transactions (such as, but not limited to, restructuring charges/reversals, impact of lawsuit outcomes, unbudgeted sales/divestitures and changes in accounting rules) will be excluded from calculations of EBIT under this Plan.

Incentive Pool Funding:

80% of a participant's incentive opportunity will be based on EBIT goals and individual goals, while 20% will be based solely on individual goals independent of EBIT goals.

EBIT Goals (80%) – For each Plan Year, the Committee shall define each performance unit and establish an EBIT threshold, target and maximum for each performance unit (including corporate totals). Achievement of the threshold performance will result in the threshold payout being contributed to the incentive pool (awards for performance between the threshold and the target are determined by interpolation). Achievement of the target performance will result in the target payout being contributed to the incentive pool. Achievement of the maximum performance will result the maximum payout being contributed to the incentive pool (awards for performance between target and maximum are determined by interpolation).

A matrix will be distributed to participants in the incentive plan at the beginning of each Plan Year, which matrix will list the applicable threshold, target and maximum performance and payout amounts.

Individual Performance Goals (20%) – For each plan year, the full target payout will be contributed to the incentive pool.

Payout Procedure:

Any incentive payments will be paid in cash within 2.5 months after the end of the Plan Year after all of the following:

- The Division General Manager and CEO have had sufficient opportunity to review the performance of the participant during the Plan Year.
- The CEO has recommended allocations from the incentive pool to incentive plan participants.
- The Management Development and Compensation Committee of the Board of Directors of the Company has received, reviewed and approved the audited incentive payment proposals.

Administrative Notes:

- If a Plan participant voluntarily terminates his/her employment during the Plan Year or if the Participant is terminated for cause before the payment occurs, no payment shall be made under the terms of this plan.
- If a Plan participant voluntarily terminates his/her employment after the Plan Year but before the payment occurs, payment of the participant's incentive award will be subject to the sole discretion of the CEO (as approved by the Committee and the Board).
- If a Plan participant's employment is terminated involuntarily without cause during Plan Year, payment of a pro-rata share of the incentive award to which he/she would otherwise have been entitled at year-end will be subject to the sole discretion of the CEO (as approved by the Committee and the Board).
- If a Plan participant retires during the Plan Year, payment of a pro-rata share of the incentive award to which he/she would otherwise have been entitled at year-end will be subject to the discretion of the CEO (as approved by the Committee and the Board).
- If a Plan participant dies during the Plan Year, a pro-rata share of the incentive award to which he/she would otherwise have been entitled at year-end will be paid to the Plan participant's named beneficiary early in the following year.

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

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

**KOPPERS HOLDINGS INC.
SUBSIDIARIES OF THE COMPANY
AMENDED LIST OF SUBSIDIARIES**

<u>Entity Name</u>	<u>State or Country of Organization</u>
Koppers Inc.	Pennsylvania
Koppers Asia LLC	Delaware
Koppers Concrete Products, Inc.	Delaware
Concrete Partners, Inc.	Delaware
Koppers Delaware, Inc.	Delaware
Koppers World-Wide Ventures Corporation	Delaware
Koppers Ventures LLC	Delaware
Koppers Assurance, Inc.	South Carolina
Continental Carbon Australia Pty Ltd	Australia
Koppers Australia Holding Company Pty Ltd	Australia
Koppers Australia Pty. Limited	Australia
Koppers Carbon Materials & Chemicals Pty Ltd	Australia
Koppers Wood Products Pty Ltd	Australia
Koppers Shipping Pty. Ltd.	Australia
Koppers Ashcroft Inc.	Canada
Koppers (Beijing) Chemical Co., Ltd.	Peoples Republic of China
Koppers (China) Carbon & Chemical Company Limited	Peoples Republic of China
Koppers (Jiangsu) Carbon Chemical Company Limited	Peoples Republic of China
Koppers (Tianjin) Trading Co., Ltd.	Peoples Republic of China
Koppers Mauritius	Republic of Mauritius
Koppers Europe ApS	Denmark
Koppers Denmark ApS	Denmark
Koppers European Holdings ApS	Denmark
Koppers Tar Tech International ApS	Denmark
Koppers Luxembourg S.ar.l	Grand Duchy Luxembourg
Koppers India Carbon Materials and Chemicals Private Limited	India
Koppers International BV	The Netherlands
Koppers World-Wide Holdings CV	The Netherlands
Koppers Netherlands B.V.	The Netherlands
Tankrederij J.A. van Seumeren BV	The Netherlands
Koppers Poland Sp.zo.o.	Poland
Koppers UK Holding Limited	United Kingdom
Koppers UK Limited	United Kingdom
Koppers UK Transport Limited	United Kingdom
Koppers Speciality Chemicals Limited	United Kingdom

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement Form S-3 No. 333-182381 of Koppers Holdings Inc. and in the related Prospectus for the registration of debt securities, common stock, preferred stock, depository shares, warrants, guarantees and units and in the Registration Statement Form S-8 No. 333-135449 pertaining to the Koppers Holdings Inc. 2005 Long Term Incentive Plan of our reports dated March 3, 2014, with respect to the consolidated financial statements and schedule of Koppers Holdings Inc., and the effectiveness of internal control over financial reporting of Koppers Holdings Inc., included in this Annual Report (Form 10-K) for the year ended December 31, 2013.

/s/ ERNST & YOUNG LLP

Pittsburgh, Pennsylvania
March 3, 2014

KOPPERS HOLDINGS INC.
POWER OF ATTORNEY
(10-K)

I, David M. Hillenbrand, Ph.D., a Director of Koppers Holdings Inc. (the "Corporation"), a Pennsylvania corporation, hereby constitute and appoint Walter W. Turner, Leroy M. Ball and Steven R. Lacy, or any of them, my true and lawful attorneys or attorneys-in-fact, with full power of substitution and revocation, to sign, in my name and on my behalf as a Director of the Corporation, the Corporation's Form 10-K for the fiscal year ended December 31, 2013, to be filed with the Securities and Exchange Commission, Washington, DC.

WITNESS my hand this 5th day of February, 2014.

/s/ David M. Hillenbrand, Ph.D.
David M. Hillenbrand, Ph.D.

KOPPERS HOLDINGS INC.
POWER OF ATTORNEY
(10-K)

I, Louis L. Testoni, a Director of Koppers Holdings Inc. (the "Corporation"), a Pennsylvania corporation, hereby constitute and appoint Walter W. Turner, Leroy M. Ball and Steven R. Lacy, or any of them, my true and lawful attorneys or attorneys-in-fact, with full power of substitution and revocation, to sign, in my name and on my behalf as a Director of the Corporation, the Corporation's Form 10-K for the fiscal year ended December 31, 2013, to be filed with the Securities and Exchange Commission, Washington, DC.

WITNESS my hand this 5th day of February, 2014.

/s/ Louis L. Testoni
Louis L. Testoni

KOPPERS HOLDINGS INC.
POWER OF ATTORNEY
(10-K)

I, Cynthia A. Baldwin, a Director of Koppers Holdings Inc. (the "Corporation"), a Pennsylvania corporation, hereby constitute and appoint Walter W. Turner, Leroy M. Ball and Steven R. Lacy, or any of them, my true and lawful attorneys or attorneys-in-fact, with full power of substitution and revocation, to sign, in my name and on my behalf as a Director of the Corporation, the Corporation's Form 10-K for the fiscal year ended December 31, 2013, to be filed with the Securities and Exchange Commission, Washington, DC.

WITNESS my hand this 5th day of February, 2014.

/s/ Cynthia A. Baldwin
Cynthia A. Baldwin

KOPPERS HOLDINGS INC.
POWER OF ATTORNEY
(10-K)

I, Albert J. Neupaver, a Director of Koppers Holdings Inc. (the "Corporation"), a Pennsylvania corporation, hereby constitute and appoint Walter W. Turner, Leroy M. Ball and Steven R. Lacy, or any of them, my true and lawful attorneys or attorneys-in-fact, with full power of substitution and revocation, to sign, in my name and on my behalf as a Director of the Corporation, the Corporation's Form 10-K for the fiscal year ended December 31, 2013, to be filed with the Securities and Exchange Commission, Washington, DC.

WITNESS my hand this 5th day of February, 2014.

/s/ Albert J. Neupaver
Albert J. Neupaver

KOPPERS HOLDINGS INC.
POWER OF ATTORNEY
(10-K)

I, Sharon Feng, Ph.D., a Director of Koppers Holdings Inc. (the "Corporation"), a Pennsylvania corporation, hereby constitute and appoint Walter W. Turner, Leroy M. Ball and Steven R. Lacy, or any of them, my true and lawful attorneys or attorneys-in-fact, with full power of substitution and revocation, to sign, in my name and on my behalf as a Director of the Corporation, the Corporation's Form 10-K for the fiscal year ended December 31, 2013, to be filed with the Securities and Exchange Commission, Washington, DC.

WITNESS my hand this 5th day of February, 2014.

/s/ Sharon Feng, Ph.D.
Sharon Feng, Ph.D.

KOPPERS HOLDINGS INC.
POWER OF ATTORNEY
(10-K)

I, Stephen R. Tritch, a Director of Koppers Holdings Inc. (the "Corporation"), a Pennsylvania corporation, hereby constitute and appoint Walter W. Turner, Leroy M. Ball and Steven R. Lacy, or any of them, my true and lawful attorneys or attorneys-in-fact, with full power of substitution and revocation, to sign, in my name and on my behalf as a Director of the Corporation, the Corporation's Form 10-K for the fiscal year ended December 31, 2013, to be filed with the Securities and Exchange Commission, Washington, DC.

WITNESS my hand this 4th day of February, 2014.

/s/ Stephen R. Tritch
Stephen R. Tritch

KOPPERS HOLDINGS INC.
POWER OF ATTORNEY
(10-K)

I, T. Michael Young, a Director of Koppers Holdings Inc. (the "Corporation"), a Pennsylvania corporation, hereby constitute and appoint Walter W. Turner, Leroy M. Ball and Steven R. Lacy, or any of them, my true and lawful attorneys or attorneys-in-fact, with full power of substitution and revocation, to sign, in my name and on my behalf as a Director of the Corporation, the Corporation's Form 10-K for the fiscal year ended December 31, 2013, to be filed with the Securities and Exchange Commission, Washington, DC.

WITNESS my hand this 5th day of February, 2014.

/s/ T. Michael Young
T. Michael Young

CERTIFICATIONS

I, Walter W. Turner, certify that:

1. I have reviewed this annual report on Form 10-K 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-15(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 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: March 3, 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 annual report on Form 10-K 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-15(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 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: March 3, 2014

/s/ LEROY M. BALL
Leroy M. Ball
Vice President 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 Annual Report of Koppers Holdings Inc. (the "Company") on Form 10-K for the year ended December 31, 2013, 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 Koppers Holdings Inc., 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.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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

March 3, 2014

/s/ LEROY M. BALL
Leroy M. Ball
Vice President and Chief Financial Officer

March 3, 2014