

## FORM 10-Q

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

For the quarterly period ended March 31, 2010

Commission file number 1-32737



# KOPPERS HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Pennsylvania  
(State of incorporation)

20-1878963  
(IRS Employer Identification No.)

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

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

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

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

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

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

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

Common Stock, par value \$0.01 per share, outstanding at April 30, 2010 amounted to 20,544,615 shares.

**PART I—FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**KOPPERS HOLDINGS INC.  
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**

	<i>Three Months Ended March 31,</i>	
	2010	2009
	<i>(Unaudited)</i>	
<i>(Dollars in millions, except per share amounts)</i>		
Net sales	\$ 274.3	\$ 272.7
Cost of sales (excluding items below)	233.7	233.9
Depreciation and amortization	6.4	6.0
Selling, general and administrative expenses	17.4	14.4
Operating profit	16.8	18.4
Other income	1.7	—
Interest expense	6.9	10.2
Income before income taxes	11.6	8.2
Income taxes	4.2	3.4
Income from continuing operations	7.4	4.8
Loss on sale of discontinued operations, net of tax benefit of \$0.2	—	(0.2)
Net income	7.4	4.6
Net income attributable to noncontrolling interests	0.1	0.5
Net income attributable to Koppers	\$ 7.3	\$ 4.1
Earnings per common share attributable to Koppers common shareholders:		
Basic –		
Continuing operations	\$ 0.36	\$ 0.21
Discontinued operations	—	(0.01)
Earnings per basic common share	\$ 0.36	\$ 0.20
Diluted –		
Continuing operations	\$ 0.36	\$ 0.21
Discontinued operations	—	(0.01)
Earnings per diluted common share	\$ 0.36	\$ 0.20
Weighted average shares outstanding ( <i>in thousands</i> ):		
Basic	20,473	20,429
Diluted	20,632	20,479
Dividends declared per common share	\$ 0.22	\$ 0.22

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

KOPPERS HOLDINGS INC.  
CONDENSED CONSOLIDATED BALANCE SHEET

	March 31, 2010	December 31, 2009
<i>(Dollars in millions, except per share amounts)</i>		
<i>(Unaudited)</i>		
<b>Assets</b>		
Cash and cash equivalents	\$ 23.5	\$ 58.4
Short-term investments	—	4.4
Accounts receivable, net of allowance of \$0.4 and \$0.5	133.1	102.5
Income tax receivable	21.1	37.1
Inventories, net	157.6	152.7
Deferred tax assets	8.5	8.5
Other current assets	17.8	17.4
<b>Total current assets</b>	<b>361.6</b>	<b>381.0</b>
Equity in non-consolidated investments	4.7	4.7
Property, plant and equipment, net	154.6	149.3
Goodwill	69.0	61.6
Deferred tax assets	24.4	25.9
Other assets	26.1	21.9
<b>Total assets</b>	<b>\$ 640.4</b>	<b>\$ 644.4</b>
<b>Liabilities</b>		
Accounts payable	\$ 82.7	\$ 67.3
Accrued liabilities	54.0	59.8
Dividends payable	4.5	4.5
Short-term debt and current portion of long-term debt	0.2	0.2
<b>Total current liabilities</b>	<b>141.4</b>	<b>131.8</b>
Long-term debt	314.6	335.1
Accrued postretirement benefits	82.0	81.9
Other long-term liabilities	39.7	40.8
<b>Total liabilities</b>	<b>577.7</b>	<b>589.6</b>
Commitments and contingent liabilities (Note 16)		
<b>Equity</b>		
Senior Convertible Preferred Stock, \$0.01 par value per share; 10,000,000 shares authorized; no shares issued	—	—
Common Stock, \$0.01 par value per share; 40,000,000 shares authorized; 21,243,698 and 21,124,212 shares issued	0.2	0.2
Additional paid-in capital	134.1	127.2
Retained deficit	(34.6)	(37.3)
Accumulated other comprehensive loss	(23.6)	(22.7)
Treasury stock, at cost, 699,082 and 669,340 shares	(24.5)	(23.6)
<b>Total Koppers stockholders' equity</b>	<b>51.6</b>	<b>43.8</b>
Noncontrolling interests	11.1	11.0
<b>Total equity</b>	<b>62.7</b>	<b>54.8</b>
<b>Total liabilities and equity</b>	<b>\$ 640.4</b>	<b>\$ 644.4</b>

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

KOPPERS HOLDINGS INC.  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Three Months Ended March 31,</i>	
	2010	2009
	<i>(Unaudited)</i>	
<i>(Dollars in millions)</i>		
Cash provided by (used in) operating activities:		
Net income	\$ 7.4	\$ 4.6
Adjustments to reconcile net cash provided by operating activities:		
Depreciation and amortization	6.8	6.5
Gain on sale of fixed assets	(1.6)	—
Deferred income taxes	1.0	(1.7)
Equity income, net of dividends received	—	0.1
Change in other liabilities	(0.8)	3.7
Non-cash interest expense	0.1	4.6
Stock-based compensation	0.9	0.8
Other	0.2	—
(Increase) decrease in working capital:		
Accounts receivable	(22.4)	(1.3)
Inventories	1.5	14.7
Accounts payable	6.8	(13.5)
Accrued liabilities and other working capital	16.3	3.1
Net cash provided by operating activities	16.2	21.6
Cash provided by (used in) investing activities:		
Capital expenditures	(2.5)	(3.8)
Acquisitions	(22.3)	—
Net cash proceeds from divestitures and asset sales	1.7	—
Net cash used in investing activities	(23.1)	(3.8)
Cash provided by (used in) financing activities:		
Borrowings of revolving credit	25.8	—
Repayments of revolving credit	(46.9)	—
Repayments of long-term debt	(0.1)	—
Repurchases of Common Stock	(0.9)	—
Payment of deferred financing costs	(0.1)	—
Dividends paid	(4.5)	(4.5)
Net cash used in financing activities	(26.7)	(4.5)
Effect of exchange rate changes on cash	(1.3)	(0.2)
Net increase (decrease) in cash and cash equivalents	(34.9)	13.1
Cash and cash equivalents at beginning of year	58.4	63.1
Cash and cash equivalents at end of period	\$ 23.5	\$ 76.2

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

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and related disclosures have been prepared in accordance with accounting principles generally accepted in the United States applicable to interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation of Koppers Holdings Inc.'s and its subsidiaries' ("Koppers", "Koppers Holdings" or the "Company") financial position and interim results as of and for the periods presented have been included. All such adjustments are of a normal recurring nature unless disclosed otherwise. Because the Company's business is seasonal, results for interim periods are not necessarily indicative of those that may be expected for a full year. The Condensed Consolidated Balance Sheet for December 31, 2009 has been summarized from the audited balance sheet contained in the Annual Report on Form 10-K for the year ended December 31, 2009.

The financial information included herein should be read in conjunction with the Company's audited consolidated financial statements and related notes included in its Annual Report on Form 10-K for the year ended December 31, 2009.

2. Dividends

On May 5, 2010, the Company's board of directors declared a quarterly dividend of 22 cents per common share, payable on July 6, 2010 to shareholders of record as of May 17, 2010.

3. Business Acquisition

On March 1, 2010, the Company acquired 100 percent of the outstanding shares of privately-owned Cindu Chemicals B.V. ("Cindu"), a Dutch company which operates a 140,000 metric ton coal tar distillation plant in Uithoorn, Netherlands. Concurrent with the acquisition, the Company entered into a long-term tar supply agreement with Corus Staal, who supplies the majority of the Uithoorn plant's raw material requirements. The acquisition strengthens the Company's presence in Europe and increases the Company's ability to service its export markets.

The acquired company contributed revenues of \$4.7 million and operating profit of \$0.3 million for the month ended March 31, 2010. Cindu's revenues were \$6.8 million and its operating loss was \$1.6 million in 2010 for the period prior to the acquisition. Cindu's revenues were \$9.4 million and its operating loss was \$2.0 million for the three months ended March 31, 2009. The pro forma results of operations if the acquisition had been completed as of the beginning of the year in 2010 or 2009 would have been pro forma revenues of \$281.1 million and \$282.1 million for the three months ended March 31, 2010 and 2009, respectively. Pro forma operating profit would have been \$15.2 million and \$16.3 million for the three months ended March 31, 2010 and 2009, respectively.

The acquisition was funded with cash on hand and the acquisition price was \$21.0 million, net of estimated working capital adjustments. To the extent the working capital adjustment is different than the amount estimated, the amount of goodwill acquired will change. The provisional identifiable assets acquired and liabilities assumed upon the acquisition of Cindu were as follows. Items subject to adjustment during the measurement period include, among other items, final valuations for tangible and intangible assets and other liabilities.

*March 1, 2010*

*(Dollars in millions)*

Cash and cash equivalents	\$ 2.1
Accounts receivable	6.5
Inventory	7.1
Other current assets	1.5
Property, plant and equipment	8.3
Intangibles	3.6
Goodwill	7.4
<b>Total assets acquired</b>	<b>36.5</b>
Accounts payable	9.8
Accrued liabilities	3.2
Long-term debt	0.6
Deferred tax liability	1.1
Long-term liabilities	0.8
<b>Net assets acquired</b>	<b>\$ 21.0</b>

All assets acquired and liabilities assumed were recorded at estimated fair value. Goodwill of \$7.4 million was allocated to the Carbon Materials & Chemicals segment and is not deductible for income tax purposes under Dutch law. Net assets acquired included intangible assets with respect to a coal tar supply agreement of \$2.8 million which will be amortized over a period of 10 years and a favorable lease agreement of \$0.8 million which will be amortized over a period of three years. Acquisition expenses were \$1.6 million for the three months ended March 31, 2010 and are charged to selling, general and administrative expenses.

#### 4. Fair Value Measurements

Carrying amounts and the related estimated fair values of the Company's financial instruments as of March 31, 2010 and December 31, 2009 are as follows:

	<i>March 31, 2010</i>		<i>December 31, 2009</i>	
	<i>Fair Value</i>	<i>Carrying Value</i>	<i>Fair Value</i>	<i>Carrying Value</i>
<i>(Dollars in millions)</i>				
<b>Financial assets:</b>				
Cash and cash equivalents, including restricted cash	\$ 23.5	\$ 23.5	\$ 58.4	\$ 58.4
Short-term investments	—	—	4.4	4.4
Investments and other assets <sup>(a)</sup>	1.3	1.3	1.3	1.3
<b>Financial liabilities:</b>				
Long-term debt (including current portion)	\$ 327.7	\$ 314.8	\$ 344.8	\$ 335.3

*(a) Excludes equity method investments.*

*Cash and short-term investments* – The carrying amount approximates fair value because of the short maturity of those instruments.

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

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

## 5. Comprehensive Income and Equity

Total comprehensive income for the three months ended March 31, 2010 and 2009 is summarized in the table below:

	<i>Three Months Ended March 31,</i>	
	<i>2010</i>	<i>2009</i>
<i>(Dollars in millions)</i>		
Net income	\$ 7.4	\$ 4.6
Other comprehensive income (loss):		
Change in currency translation adjustment	(1.6)	(3.8)
Change in unrecognized pension net loss, net of tax of \$(0.5) and \$(0.5)	0.8	0.9
Change in unrecognized transition asset, net of tax of \$0.1	(0.1)	—
Total comprehensive income	6.5	1.7
Less: net income attributable to noncontrolling interests	0.1	0.5
Comprehensive income attributable to Koppers	\$ 6.4	\$ 1.2

The following tables present the change in equity for the three months ended March 31, 2010 and March 31, 2009, respectively:

<i>(Dollars in millions)</i>	<i>Total Koppers Shareholders' Equity'</i>	<i>Noncontrolling Interests</i>	<i>Total Equity</i>
	Balance at January 1, 2010	\$ 43.8	\$ 11.0
Net income	7.3	0.1	7.4
Issuance of common stock	3.2	—	3.2
Employee stock plans	3.7	—	3.7
Other comprehensive income (loss)	(0.9)	—	(0.9)
Dividends	(4.6)	—	(4.6)
Repurchases of common stock	(0.9)	—	(0.9)
Balance at March 31, 2010	\$ 51.6	\$ 11.1	\$ 62.7

<i>(Dollars in millions)</i>	<i>Total Koppers Shareholders' Equity'</i>	<i>Noncontrolling Interests</i>	<i>Total Equity</i>
	Balance at January 1, 2009	\$ 18.0	\$ 8.0
Net income	4.1	0.5	4.6
Issuance of common stock	0.2	—	0.2
Other comprehensive income (loss)	(2.9)	—	(2.9)
Dividends	(4.6)	—	(4.6)
Balance at March 31, 2009	\$ 14.8	\$ 8.5	\$ 23.3

## 6. Earnings per Common Share

The computation of basic earnings per common share for the periods presented is based upon the weighted average number of common shares outstanding during the periods. The computation of diluted earnings per common share includes the effect of 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 is excluded from the computation of diluted earnings per common share.

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

	<i>Three Months Ended March 31,</i>	
	<i>2010</i>	<i>2009</i>
<i>(Dollars in millions, except share amounts, in thousands, and per share amounts)</i>		
Net income attributable to Koppers	\$ 7.3	\$ 4.1
Less: discontinued operations	—	(0.2)
Income from continuing operations attributable to Koppers	\$ 7.3	\$ 4.3
Weighted average common shares outstanding:		
Basic	20,473	20,429
Effect of dilutive securities	159	50
Diluted	20,632	20,479
Earnings per common share – continuing operations:		
Basic earnings per common share	\$ 0.36	\$ 0.21
Diluted earnings per common share	0.36	0.21
Other data:		
Antidilutive securities excluded from computation of diluted earnings per common share	128	189

## 7. Stock-based Compensation

In December 2005, the Company's board of directors and shareholders adopted the 2005 Long-Term Incentive Plan (the "LTIP"). The LTIP provides for the grant to eligible persons of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance awards, dividend equivalents and other stock-based awards, which are collectively referred to as the awards.

Under the LTIP, the board of directors granted restricted stock units and performance stock units to certain employee participants (collectively, the "stock units") each year starting in 2007. The restricted stock units vest on the third anniversary of the grant date, assuming continued employment by the participant. The performance stock units vest upon the attainment of the applicable performance objective at the end of a three-year period. 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. The performance stock units originally awarded in 2007 vested at 140 percent of target in March 2010 and resulted in an additional grant of 28,060 performance stock units.

In February 2010, the board of directors awarded 32,744 restricted stock units and 68,457 performance stock units to certain employee participants (collectively, the "stock units") with a grant date of February 22, 2010. The restricted stock units will vest in February 2013, assuming continued employment by the participant. The performance stock units will vest on February 22, 2013 upon the attainment of the applicable performance objective and assuming continued employment by the participant. The applicable performance objective is based upon a two-year cumulative value creation calculation commencing January 1, 2010. 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 nonvested 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. There are special vesting provisions for the stock units related to a change in control.

Compensation expense for nonvested 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 outstanding as of March 31, 2010:

<i>Performance Period</i>	<i>Minimum Shares</i>	<i>Target Shares</i>	<i>Maximum Shares</i>
2008 – 2010	—	46,774	70,161
2009 – 2011	—	141,732	212,598
2010 – 2011	—	68,457	102,686

The following table shows a summary of the status and activity of nonvested stock awards for the three months ended March 31, 2010:

	<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>
Nonvested at January 1, 2010	112,387	256,138	368,525	\$ 22.50
Granted	32,744	68,457	101,201	\$ 28.10
Credited from dividends	3,277	7,651	10,928	\$ 23.15
Performance stock unit adjustment	—	28,060	28,060	\$ 25.75
Vested	(21,289)	(98,197)	(119,486)	\$ 25.74
Forfeited	(17)	(14)	(31)	\$ 32.16
<b>Nonvested March 31, 2010</b>	<b>127,102</b>	<b>262,095</b>	<b>389,197</b>	<b>\$ 23.04</b>

Also in February 2010, the board of directors awarded 58,960 stock options to certain executive officers which vest and become exercisable upon the completion of a three-year service period commencing on the third anniversary of the grant date of February 22, 2010. The stock options have a term of 10 years. In the event of termination of employment, other than retirement, death or disability, any nonvested options are forfeited. 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. There are special vesting provisions for the stock options related to a change in control.

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

	<i>February 2010 Grant</i>	<i>February 2009 Grant</i>	<i>February 2008 Grant</i>	<i>May 2007 Grant</i>
Grant date price per share of option award	\$ 28.10	\$ 15.26	\$ 39.99	\$ 29.97
Expected dividend yield per share	2.50%	2.50%	2.00%	2.50%
Expected life in years	6.5	6.5	6.5	6.5
Expected volatility	62.00%	51.00%	40.67%	40.39%
Risk-free interest rate	3.05%	2.05%	3.28%	4.45%
Grant date fair value per share of option awards	\$ 13.81	\$ 6.19	\$ 14.79	\$ 11.01

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. 107 which calculates the average of the

weighted vesting term and the contractual term of the option. This method was selected due to the lack of historical exercise data with respect to the Company. Expected volatility is based on the historical volatility of the Company's common stock and the historical volatility of certain other similar public companies. The risk-free interest rate is based on U.S. Treasury bill rates for the expected life of the option.

The following table shows a summary of the status and activity of stock options for the three months ended March 31, 2010:

	Options	Weighted Average Exercise Price per Option	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2010	246,016	\$ 23.30		
Granted	58,960	\$ 28.10		
Outstanding at March 31, 2010	304,976	\$ 24.23	8.60	\$ 1.9
Exercisable at March 31, 2010	—	\$ —	—	\$ —

Total stock-based compensation expense recognized for the three months ended March 31, 2010 and 2009 is as follows:

	Three Months Ended March 31,	
	2010	2009
<i>(Dollars in millions)</i>		
Stock-based compensation expense recognized:		
Selling, general and administrative expenses	\$ 0.9	\$ 0.8
Less related income tax benefit	0.3	0.3
	\$ 0.6	\$ 0.5

As of March 31, 2010, total future compensation expense related to non-vested stock-based compensation arrangements totaled \$6.6 million and the weighted-average period over which this cost is expected to be recognized is approximately 29 months.

## 8. Segment Information

The Company has two reportable segments: Carbon Materials & Chemicals and Railroad & Utility Products. The Company's reportable segments are 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 & Chemicals segment is primarily a supplier of carbon pitch, naphthalene, phthalic anhydride, creosote, carbon black feedstock and carbon black. 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. Carbon black is used primarily in the production of rubber tires.

The Company's Railroad & Utility Products segment sells treated and untreated wood 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. Utility products include transmission and distribution poles and pilings.

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

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

	<i>Three Months Ended March 31,</i>	
	2010	2009
<i>(Dollars in millions)</i>		
<b>Revenues from external customers:</b>		
Carbon Materials & Chemicals	\$ 173.3	\$ 145.5
Railroad & Utility Products	101.0	127.2
<b>Total</b>	<b>\$ 274.3</b>	<b>\$ 272.7</b>
<b>Intersegment revenues:</b>		
Carbon Materials & Chemicals	\$ 23.1	\$ 20.8
<b>Depreciation and amortization expense:</b>		
Carbon Materials & Chemicals	\$ 4.5	\$ 4.2
Railroad & Utility Products	1.9	1.8
<b>Total</b>	<b>\$ 6.4</b>	<b>\$ 6.0</b>
<b>Operating profit:</b>		
Carbon Materials & Chemicals	\$ 10.7	\$ 6.5
Railroad & Utility Products	6.7	12.3
Corporate	(0.6)	(0.4)
<b>Total</b>	<b>\$ 16.8</b>	<b>\$ 18.4</b>

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

	March 31,	December 31,
	2010	2009
<i>(Dollars in millions)</i>		
<b>Segment assets:</b>		
Carbon Materials & Chemicals	\$ 423.0	\$ 402.2
Railroad & Utility Products	144.3	141.3
All other	73.1	100.9
<b>Total</b>	<b>\$ 640.4</b>	<b>\$ 644.4</b>
<b>Goodwill:</b>		
Carbon Materials & Chemicals	\$ 66.7	\$ 59.4
Railroad & Utility Products	2.3	2.2
<b>Total</b>	<b>\$ 69.0</b>	<b>\$ 61.6</b>

Goodwill for Carbon Materials & Chemicals increased \$7.4 million from December 31, 2009 as a result of the Cindu acquisition.

## 9. Income Taxes

### *Effective Tax Rate*

Income taxes as a percentage of pretax income was 35.9 percent and 41.5 percent for the three months ended March 31, 2010 and 2009, respectively. There were no discrete items included in the estimated effective tax rate for either period. The effective tax rate for the first three months of 2010 differs from the U.S. federal statutory rate of 35.0 percent due to nondeductible expenses (+1.2 percent) and state taxes (+0.8 percent) partially offset by the domestic manufacturing deduction (-1.8 percent). With respect to the first three months of 2009, the effective tax rate differs from the federal statutory rate primarily due to taxes on foreign earnings (+3.5 percent) and state taxes (+2.8 percent).

The income tax provision for interim periods is based on an estimated annual effective tax rate, which requires management to make its best estimate of annual pretax income by domestic and foreign jurisdictions and other items that impact taxable income. During the year, management regularly updates estimates based on changes in various factors such as product prices, shipments, product mix, operating and administrative costs, earnings mix by taxable jurisdiction, repatriation of foreign earnings, uncertain tax positions and the ability to claim tax credits such as the non-conventional fuel tax credit. To the extent that actual results vary from the estimates at the end of the first quarter, the actual tax provision recognized for 2010 could be materially different from the forecasted annual tax provision as of the end of the first quarter.

#### 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 2004.

As of March 31, 2010 and December 31, 2009, the total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate, was approximately \$3.3 million. Unrecognized tax benefits totaled \$4.0 million as of March 31, 2010 and December 31, 2009. The Company recognizes interest expense and any related penalties from uncertain tax positions in income tax expense. As of March 31, 2010 and December 31, 2009, the Company had accrued approximately \$0.7 million.

#### 10. Inventories

Net inventories as of March 31, 2010 and December 31, 2009 are summarized in the table below:

	March 31, 2010	December 31, 2009
<i>(Dollars in millions)</i>		
Raw materials	\$ 98.6	\$ 94.3
Work in process	6.8	8.3
Finished goods	96.6	94.9
	202.0	197.5
Less revaluation to LIFO	44.4	44.8
Net	\$ 157.6	\$ 152.7

#### 11. Property, Plant and Equipment

Property, plant and equipment as of March 31, 2010 and December 31, 2009 are summarized in the table below:

	March 31, 2010	December 31, 2009
<i>(Dollars in millions)</i>		
Land	\$ 7.6	\$ 7.5
Buildings	29.2	29.3
Machinery and equipment	500.1	491.0
	536.9	527.8
Less accumulated depreciation	382.3	378.5
Net	\$ 154.6	\$ 149.3

#### 12. Pensions and Postretirement Benefit Plans

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

All qualified defined benefit pension plans for salaried employees have been closed to new participants and a number of plans have been frozen over the past few years. Accordingly, the 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, these plans have been closed to new participants.

Expense related to the Company's defined contribution plans totaled \$1.4 million and \$1.2 million for the three months ended March 31, 2010 and 2009, respectively. Expense related to the Company's other postretirement benefit plans totaled \$0.2 million for each of the three months ended March 31, 2010 and 2009.

The following table provides the components of net periodic benefit cost for the pension plans for the three months ended March 31, 2010 and 2009:

	<i>Three Months Ended March 31,</i>	
	2010	2009
<i>(Dollars in millions)</i>		
Service cost	\$ 0.8	\$ 0.7
Interest cost	3.0	2.6
Expected return on plan assets	(2.5)	(2.1)
Amortization of prior service cost	—	0.1
Amortization of net loss	1.3	1.6
Amortization of transition asset	(0.1)	(0.1)
Net periodic benefit cost	\$ 2.5	\$ 2.8

### 13. Debt

Debt at March 31, 2010 and December 31, 2009 was as follows:

	<i>Weighted Average Interest Rate</i>	<i>Maturity</i>	<i>March 31,</i>	<i>December 31,</i>
			2010	2009
<i>(Dollars in millions)</i>				
Revolving Credit Facility	2.51%	2013	\$ 18.9	\$ 40.0
Senior Notes	7 <sup>7</sup> / <sub>8</sub> %	2019	295.0	295.0
Other debt, including capital leases	8.00%	Various	0.9	0.3
Total debt			314.8	335.3
Less short term debt and current maturities of long-term debt			0.2	0.2
Long-term debt			\$ 314.6	\$ 335.1

#### *Revolving Credit Facility*

The Koppers Inc. revolving credit facility agreement provides for a revolving credit facility of up to \$300.0 million at variable rates. Borrowings under the revolving credit facility are secured by a first priority lien on substantially all of Koppers Inc.'s assets. The credit facility contains certain covenants that limit capital expenditures by Koppers Inc. and restrict its ability to incur additional indebtedness, create liens on its assets, enter into leases, pay dividends and make investments or acquisitions. In addition, such covenants give rise to events of default upon the failure by Koppers Inc. to meet certain financial ratios. Commitment fees totaled \$0.3 million and \$0.5 million for the three months ended March 31, 2010 and 2009, respectively, and are charged to interest expense.

As of March 31, 2010, the Company had \$188.6 million of unused revolving credit availability for working capital purposes after restrictions from certain letter of credit commitments and other covenants. As of March 31, 2010, \$14.2 million of commitments were utilized by outstanding letters of credit.

#### Senior Notes

The Koppers Inc. 7<sup>7</sup>/<sub>8</sub> 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<sup>1</sup>/<sub>8</sub> 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, starting on June 1, 2010. 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.

#### Guarantees

The Company's 60-percent owned subsidiary in China has issued a guarantee of \$17.9 million in support of the Company's 30-percent investment in Tangshan Koppers Kailuan Carbon Chemical Company Limited ("TKK"). The guarantee relates to bank debt incurred by TKK which matures in 2011.

#### 14. Asset Retirement Obligations

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

	March 31, 2010	December 31, 2009
<i>(Dollars in millions)</i>		
Balance at beginning of year	\$ 16.6	\$ 16.2
Accretion expense	0.3	1.2
Revision in estimated cash flows, net	0.1	0.6
Expenses incurred	(0.6)	(1.6)
Currency translation	(0.1)	0.2
Balance at end of period	\$ 16.3	\$ 16.6

#### 15. Deferred Revenue from Extended Product Warranty Liabilities

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

	March 31, 2010	December 31, 2009
<i>(Dollars in millions)</i>		
Balance at beginning of year	\$ 6.7	\$ 7.5
Deferred revenue for sales of extended warranties	—	0.3
Revenue earned	(0.2)	(1.1)
Balance at end of period	\$ 6.5	\$ 6.7

## 16. Commitments and Contingent Liabilities

Koppers Inc. 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 fail to prevail in any of these legal matters or should several of these legal matters be resolved against the Company 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 a variety of 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 116 plaintiffs in 63 cases pending as of March 31, 2010 as compared to 112 plaintiffs in 62 cases at December 31, 2009. As of March 31, 2010, there are a total of 59 cases pending in state court in Pennsylvania, one case each pending in state courts in Tennessee and Illinois, and two cases pending in an Indiana state court.

The plaintiffs in all 63 pending cases seek to recover compensatory damages, while plaintiffs in 53 cases also seek to recover punitive damages. The plaintiffs in the 59 cases filed in Pennsylvania state court seek unspecified damages in excess of the court's minimum jurisdictional limit. The plaintiffs in the two cases filed in Indiana state court also seek damages in an unspecified amount. The plaintiffs in the Tennessee state court case each seek damages of \$15.0 million. The plaintiff in the Illinois state court case seeks compensatory damages in excess of \$50,000.

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, Rust-Oleum Corporation, UCAR Carbon Company, Inc., Exxon Mobil Corporation, Chemtura Corporation, SGL Carbon Corporation, Alcoa, Inc., and PPG Industries, Inc. Discovery is proceeding in 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. No trial dates have been set in any of these cases.

*Somerville Cases.* Koppers Inc. is currently defending five sets of state court cases in Texas (*Antu, Baade, Davis, Hensen* and *Moses*) involving approximately 160 plaintiffs who allegedly have worked or resided in Somerville, Texas, where Koppers Inc. has operated a wood treatment plant since 1995. Koppers Inc. has been named, but not served, as a defendant in another Texas state court case (*Asselin*) involving 11 plaintiffs who allegedly worked or resided in Somerville, Texas. These cases are pending in Burleson County, Texas, and Tarrant County, Texas. In addition to those Texas state court cases, Koppers Inc. is defending another state court case (*Gonzalez*) that is pending in the Circuit Court of Cook County, Illinois. The *Gonzalez* case initially involved 28 plaintiffs who allegedly worked or resided in Somerville, Texas. The court has dismissed 22 of the *Gonzalez* plaintiffs' claims and denied those plaintiffs' motion to reconsider. In addition, as a result of the filing of a demand for bill of particulars by Koppers Inc., the court has stricken the complaint of the remaining six plaintiffs and ordered them to file an amended complaint. The 22 dismissed plaintiffs filed a notice of appeal on April 23, 2010. No appellate briefing schedules have been set.

The BNSF Railway Company ("BNSF") has also been named as a defendant in these cases. The complaints allege that plaintiffs have suffered personal injuries (including death, in some cases) resulting from exposure to wood preservative chemicals used at the Somerville, Texas wood treatment plant. The complaints in the *Moses, Davis* and *Asselin* cases additionally allege that plaintiffs have suffered property damage.

The complaints seek to recover various damages for each plaintiff, including compensatory and punitive damages within the jurisdictional limits of the court for, among other things, bodily injuries, pain and mental anguish, emotional distress, medical monitoring, medical expenses, diminished earning capacity, permanent disability, physical impairment and/or disfigurement, loss of companionship and society, loss of consortium, devaluation of property, loss of use and enjoyment of personal property, loss of use and enjoyment of real property, property damage, property remediation costs, funeral and burial expenses and lost wages.

There are a total of 44 plaintiffs (six of whom have claims pending against only the BNSF) in the *Moses* cases. There are a total of ten plaintiffs in the *Antu* case, four of whom have claims pending against only the BNSF. The *Hensen* case identifies a total of 93 plaintiffs, one of whom has a claim pending against only the BNSF. The *Davis* case involves one plaintiff. There are a total of 25 plaintiffs in the *Baade* case.

In addition to the cases pending in state court, Koppers Inc. is currently defending one case, *Bullard*, in the United States District Court for the Western District of Texas. It involves a total of 146 plaintiffs who seek compensatory damages in an unspecified amount in excess of the court's minimum jurisdictional limit for alleged personal injuries. Of the plaintiffs in the *Bullard* case, 86 are also plaintiffs in *Hensen* and 22 are plaintiffs in *Gonzalez*, whose claims have been dismissed. The BNSF is also a named defendant in the *Bullard* case, along with three additional defendants.

Currently, two of the severed cases in *Moses* have case management orders that involve Koppers Inc. which stipulate that all discovery is to be completed by early 2011. No trial dates have been set in these two cases. No other cases pending against Koppers Inc. have discovery completion dates or trial dates.

The Company has not provided a reserve for these matters 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 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. No trial dates have been set in any of these cases.

*Grenada – All Cases.* Koppers Inc., together with various co-defendants (including Beazer East), has been named as a defendant in toxic tort lawsuits in federal court in Mississippi (see "Grenada – Federal Court Cases" below) and in state court in Mississippi (see "Grenada – State Court Cases" below) arising from the operation of the Grenada facility. The complaints allege that plaintiffs were exposed to harmful levels of various toxic chemicals, including creosote, pentachlorophenol, polycyclic aromatic hydrocarbons and dioxin, as a result of soil, surface water and groundwater contamination and air emissions from the Grenada facility and, in some cases, from an adjacent manufacturing facility operated by Heatcraft, Inc. Based on the experience of Koppers Inc. in defending previous toxic tort cases, the Company does not believe that the damages sought by the plaintiffs in the state and federal court cases are supported by the facts of the cases. The Company has not provided a reserve for these lawsuits 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 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. See "Environmental and Other Liabilities Retained or Assumed by Others" for additional information.

#### Grenada – Federal Court Cases.

*Beck Case* – The complaint in this case was originally filed by approximately 110 plaintiffs. Pursuant to an order granting defendants' motion to sever, the court dismissed the claims of 98 plaintiffs in the *Beck* case without prejudice to their right to re-file their complaints. In December 2005, 94 of the 98 plaintiffs in the *Beck* case whose claims were dismissed re-filed their complaints. The plaintiffs in the 94 cases that were re-filed seek compensatory damages from the defendants of at least \$5.0 million for each of eight counts and punitive damages of at least \$10.0 million for each of three counts (in addition to damages in an unspecified amount for alleged trespass and nuisance). No discovery orders have been issued with respect to the 94 additional cases. The claims of ten of the 12 plaintiffs whose claims were not dismissed are still pending. The ten remaining plaintiffs seek compensatory damages from the defendants in an unspecified amount and punitive damages of \$20.0 million for each of four counts.

The first of these trials occurred in 2006 and after an appeal, the court ultimately rendered a judgment in favor of Koppers Inc. In January 2010, the trial court granted summary judgment in favor of Koppers Inc. on all claims for the second trial plaintiff. The date for the trial of the claims of the next plaintiff is set for August 2011 in Oxford, Mississippi. Trials in the remaining nine cases have not yet been scheduled, and the timing of the resolution of these cases is not known at this time. In February 2009, Koppers Inc. filed a petition with the United States Court of Appeals for the Fifth Circuit asking it to transfer the future trials of the *Beck* federal cases from Greenville, Mississippi to Oxford, Mississippi, where plaintiffs originally filed suit. In April 2009, the Fifth Circuit granted the petition to transfer the trials to Oxford. In March 2010, the United States Supreme Court denied the plaintiff's petition for review of the petition to transfer future trials to Oxford.



*Ellis Case* – There are approximately 1,200 plaintiffs in this case. Each plaintiff seeks compensatory damages from the defendants of at least \$5.0 million for each of seven counts and punitive damages of at least \$10.0 million for each of three counts (in addition to damages for an unspecified amount for trespass and nuisance). The *Ellis* complaint also requests injunctive relief. These cases have been stayed and no trial dates have been scheduled pending the completion of the trials for the remaining ten plaintiffs in the *Beck* case. The timing of the resolution of these cases is not known at this time.

*Grenada – State Court Cases.* The state court cases were brought on behalf of approximately 200 plaintiffs in five counties in Mississippi. Each plaintiff seeks compensatory damages from the defendants of at least \$5.0 million for each of up to eight counts and punitive damages of at least \$10.0 million for each of three counts. Certain plaintiffs also seek damages for alleged trespass and private nuisance in unspecified amounts together with injunctive relief. The Mississippi Supreme Court ordered that the claims of the plaintiffs in the pending state court cases filed in counties other than Grenada County (approximately 110 cases) be severed and transferred to Grenada County. Plaintiffs' counsel attempted to transfer ten such cases to Grenada County, but all ten cases were dismissed by the Court in Grenada County. Plaintiffs' counsel has not attempted to transfer any additional cases to Grenada County and defendants have filed motions to dismiss the claims of the remaining plaintiffs in the four non-Grenada County cases, which motions remain pending. No trial dates have been scheduled in these cases. The timing of the resolution of these cases is not known at this time.

With respect to the state court case that was originally filed in Grenada County, the plaintiffs filed 104 individual complaints in Grenada County. Subsequently 46 of the cases were dismissed for various procedural reasons, and summary judgments based on the Mississippi statute of limitations were entered in 40 of the cases. Plaintiffs appealed the summary judgment orders to the Mississippi Supreme Court, which has not yet ruled on the appeals. Oral argument occurred before the Mississippi Supreme Court in March 2010. In the remaining 18 cases, on September 1, 2009, the Circuit Court granted the Company's motions to dismiss or, in the alternative, for summary judgment, and subsequently denied the plaintiffs' motion for reconsideration on October 5, 2009. Plaintiffs have also filed notices of appeal to the Mississippi Supreme Court in these 18 cases, but oral argument has not yet been scheduled. One other case, the *Harlow* case, remains pending in Grenada County. In *Harlow*, the plaintiff is seeking actual and compensatory damages in excess of \$20.0 million and punitive damages in an unspecified amount. Discovery is proceeding in that case. The timing of the resolution of the two appeals and the *Harlow* case is not known at this time.

*Other Litigation.* In April 2010, a class action complaint was filed in the United States District Court for the Northern District of Florida, by a number of local residents in Gainesville, Florida which named Koppers Inc., Beazer East, Inc. and Cabot Corporation as defendants. The plaintiffs assert that real property located within a two mile radius of the defendants' former utility pole treatment plant and an adjacent site owned by Cabot Corporation has been contaminated by various toxic substances. Koppers Inc. operated a utility pole treatment plant in Gainesville from 1988 until its closure late in 2009. The property upon which the utility pole treatment plant was located was sold by Koppers Inc. to Beazer East, Inc. in the first quarter of 2010. Prior to 1988, Beazer East, Inc. conducted various wood treating operations at the utility pole treatment plant site. Plaintiffs seek, among other things, the creation and funding of comprehensive community property remediation and medical monitoring programs, compensatory and punitive damages in excess of the minimum jurisdictional limit of the Court and other equitable relief. Koppers Inc. has not yet been served with a copy of the Complaint and no trial date has been set.

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 Koppers Inc. 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.

*Discontinued Operations.* The Company sold its 51 percent interest in Koppers Arch Investments Pty Limited and its subsidiaries ("Koppers Arch") in July 2007 to Arch Chemicals, Inc. and has provided an indemnity to Arch Chemicals for the Company's share of liabilities, if any, arising from certain types of obligations and claims that arose prior to the Company's sale of its interest in Koppers Arch. Koppers Inc. has received a notice from Arch Chemicals relating to legal actions that have been filed in the High Court of New Zealand Auckland Registry against a third party and against Arch Wood Protection (NZ) Limited by a competitor of Arch Wood Protection (NZ) Limited. The competitor/plaintiff alleges, among other things, claims of defamation, injurious falsehood, conspiracy and violation of the New Zealand Fair Trading Act. Reserving all rights, Koppers has agreed to participate in the payment of attorneys' fees and related expenses relating to these matters until further notice. The plaintiff seeks damages of approximately \$6 million. The Company has not provided a reserve for these matters 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 these cases cannot be reasonably determined. 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. A trial is currently scheduled for June 2010.

#### *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 they are probable and reasonably estimable.

*Environmental and Other Liabilities Retained or Assumed by Others.* The Company's subsidiaries have agreements with former owners of certain of their operating locations under which the former owners retained, assumed and/or agreed to indemnify such subsidiaries against certain environmental and other liabilities. The most significant of these agreements was entered into at Koppers Inc.'s formation on December 29, 1988 (the "Acquisition"). Under the related asset purchase agreement between Koppers Inc. and Beazer East, subject to certain limitations, Beazer East retained the responsibility for and agreed to indemnify Koppers Inc. against certain liabilities, damages, losses and costs, including, with certain limited exceptions, liabilities under and costs to comply with environmental laws to the extent attributable to acts or omissions occurring prior to the Acquisition and liabilities related to products sold by Beazer East prior to the Acquisition (the "Indemnity"). Beazer Limited, the parent company of Beazer East, unconditionally guaranteed Beazer East's performance of the Indemnity pursuant to a guarantee (the "Guarantee"). In 1998, the parent company of Beazer East purchased an insurance policy under which the funding and risk of certain environmental and other liabilities relating to the former Koppers Company, Inc. operations of Beazer East (which includes locations purchased from Beazer East by Koppers Inc.) are underwritten by Centre Solutions (a member of the Zurich Group) and Swiss Re. Beazer East is a wholly-owned, indirect subsidiary of Heidelberg Cement AG. The Indemnity provides different mechanisms, subject to certain limitations, by which Beazer East is obligated to indemnify Koppers Inc. with regard to certain environmental, product and other liabilities and imposes certain conditions on Koppers Inc. before receiving such indemnification, including, in some cases, certain limitations regarding the time period as to which claims for indemnification can be brought. In July 2004, Koppers Inc. and Beazer East agreed to amend the environmental indemnification provisions of the December 29, 1988 asset purchase agreement to extend the indemnification period for pre-closing environmental liabilities through July 2019. As consideration for the amendment, Koppers Inc. paid Beazer East a total of \$7.0 million and agreed to share toxic tort litigation defense costs arising from any sites acquired from Beazer East. The July 2004 amendment did not change the provisions of the Indemnity with respect to indemnification for non-environmental claims, such as product liability claims, which claims may continue to be asserted after July 2019.

Qualified expenditures under the Indemnity are not subject to a monetary limit. Qualified expenditures under the Indemnity include (i) environmental cleanup liabilities required by third parties, such as investigation, remediation and closure costs, relating to pre-December 29, 1988, or Pre-Closing, acts or omissions of Beazer East or its predecessors; (ii) environmental claims by third parties for personal injuries, property damages and natural resources damages relating to Pre-Closing acts or omissions of Beazer East or its predecessors; (iii) punitive damages for the acts or omissions of Beazer East and its predecessors without regard to the date of the alleged conduct and (iv) product liability claims for products sold by Beazer East or its predecessors without regard to the date of the alleged conduct. If the third party claims described in sections (i) and (ii) above are not made by July 2019, Beazer East will not be required to pay the costs arising from such claims under the Indemnity. However, with respect to any such claims which are made by July 2019, Beazer East will continue to be responsible for such claims under the Indemnity beyond July 2019. The Indemnity provides for the resolution of issues between Koppers Inc. and Beazer East by an arbitrator on an expedited basis upon the request of either party. The arbitrator could be asked, among other things, to make a determination regarding the allocation of environmental responsibilities between Koppers Inc. and Beazer East. Arbitration decisions under the Indemnity are final and binding on the parties.

Contamination has been identified at most manufacturing and other sites of the Company's subsidiaries. Three sites currently owned and operated by Koppers Inc. in the United States are 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, amounts paid by Beazer East as a result of its environmental remediation obligations under the Indemnity have averaged in total approximately \$11 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 adjustment to the Company's net worth.

*Domestic Environmental Matters.* Koppers Inc. has been named as a potentially responsible party (a "PRP") at the Portland Harbor CERCLA site located on the Willamette River in Oregon. Koppers Inc. has replied to an EPA Information request and has executed a PRP agreement which outlines the process to develop an allocation of past and future costs. Koppers Inc. currently operates a coal tar pitch terminal near the site. The current estimate for past costs incurred in the remedial investigation/feasibility study is \$100 million. Separate from the EPA activities, a natural resources damages assessment is being conducted by a local trustee group. 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. The Company has not provided a reserve for these matters because, at this time, 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.

The Illinois Environmental Protection Agency (the "IEPA") has requested that Koppers Inc. conduct a voluntary investigation of soil and groundwater at its Stickney, Illinois carbon materials and chemicals facility. The IEPA advised Koppers Inc. that it made such request as a result of a reported release of oil-like material from Koppers Inc.'s property into an adjacent river canal. Koppers Inc. is conducting such investigation in cooperation with Beazer East. The Company and Beazer East have commenced investigation on this site pursuant to a Plan submitted to the IEPA. The Company has provided a reserve for this matter totaling \$1.6 million as of March 31, 2010.

In August 2005, the Pennsylvania Department of Environmental Protection (the "PADEP") proposed a fine related to alleged water discharge exceedances from a storm water sewer pipe at the tar distillation facility of Koppers Inc. in Clairton, Pennsylvania. In December 2006, Koppers Inc. reached a preliminary settlement of the fine with the PADEP, subject to the negotiation and execution of a consent order with the PADEP. Negotiations with respect to the consent order are continuing and the Company has reserved the amount of the estimated settlement. Koppers Inc. also proposed to undertake certain engineering and capital improvements to address this matter. In December 2007, Koppers Inc. agreed to contribute the capital improvements, primarily a new sewer line, to the city of Clairton and accordingly, has provided a reserve of \$2.3 million related to the new sewer line and PADEP fine as of March 31, 2010. Koppers Inc. expects to begin construction of the new sewer line during 2010.

*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 December 2006 the Company and the owner of the adjacent property reached an agreement in principle

pursuant to which the Company will contribute \$1.7 million and the owner of the adjacent property will contribute \$6.1 million toward remediation of the property. Subject to the approval of a remediation action plan by local environmental authorities, the agreement in principle 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 in principle provides that the property will be transferred to the Company. The Company has reserved its expected total remediation costs of \$1.7 million at March 31, 2010.

Other Australian environmental matters include soil and groundwater remediation at a number of current and former facilities in Australia. With respect to a closed facility in Thornton, Australia, the sale of the property was completed in March 2010 and the buyer assumed all remediation liability. Accordingly, the accrual for remediation at this site was reversed in the three months ended March 31, 2010 and resulted in a decrease to cost of sales of \$2.9 million. The Company has reserved \$1.4 million for remediation costs at the remaining Australian sites.

*Environmental Reserves Rollforward.* The following table reflects changes in the accrued liability for environmental matters:

	<i>Year Ended December 31,</i>	
	<i>March 31,</i>	<i>December 31,</i>
<i>(Dollars in millions)</i>	<i>2010</i>	<i>2009</i>
Balance at beginning of year	\$ 10.7	\$ 9.4
Expense	—	0.5
Reversal of reserves	(3.0)	—
Cash expenditures	(0.1)	(0.5)
Currency translation	0.2	1.3
Balance at end of year	\$ 7.8	\$ 10.7

#### 17. 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 wholly-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 World-Wide Ventures Corporation, Koppers Delaware, Inc., Koppers Concrete Products, Inc., Concrete Partners, Inc., Koppers Ventures LLC and Koppers Asia LLC.

Separate condensed consolidating financial statement information for Koppers Holdings Inc. (the parent), Koppers Inc., domestic guarantor subsidiaries and non-guarantor subsidiaries as of March 31, 2010 and 2009 and for the three months ended March 31, 2010 and 2009 is as follows:

#### Condensed Consolidating Statement of Operations For the Three Months Ended March 31, 2010

	<i>Parent</i>	<i>Koppers Inc.</i>	<i>Domestic Guarantor Subsidiaries</i>	<i>Non- Guarantor Subsidiaries</i>	<i>Consolidating Adjustments</i>	<i>Consolidated</i>
<i>(Dollars in millions)</i>						
Net sales	\$ —	\$ 160.6	\$ 9.5	\$ 114.7	\$ (10.5)	\$ 274.3
Cost of sales including depreciation and amortization	—	148.7	5.2	95.6	(9.4)	240.1
Selling, general and administrative	0.6	8.7	1.9	6.2	—	17.4
Operating profit (loss)	(0.6)	3.2	2.4	12.9	(1.1)	16.8
Other income (expense)	7.7	0.1	(0.1)	1.7	(7.7)	1.7
Interest expense (income)	—	7.0	—	1.2	(1.3)	6.9
Income taxes	(0.2)	1.1	0.1	3.2	—	4.2
Income from continuing operations	7.3	(4.8)	2.2	10.2	(7.5)	7.4
Noncontrolling interests	—	—	—	0.1	—	0.1
Net income attributable to Koppers	\$ 7.3	\$ (4.8)	\$ 2.2	\$ 10.1	\$ (7.5)	\$ 7.3

Condensed Consolidating Statement of Operations  
For the Three Months Ended March 31, 2009

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>						
Net sales	\$ —	\$ 190.0	\$ 10.7	\$ 83.8	\$ (11.8)	\$ 272.7
Cost of sales including depreciation and amortization	—	169.6	5.7	75.2	(10.6)	239.9
Selling, general and administrative	0.4	7.9	0.4	5.7	—	14.4
Operating profit (loss)	(0.4)	12.5	4.6	2.9	(1.2)	18.4
Other income (expense)	7.3	0.1	—	(0.1)	(7.3)	—
Interest expense (income)	4.7	5.7	—	1.0	(1.2)	10.2
Income taxes	(1.9)	4.5	0.1	0.7	—	3.4
Income from continuing operations	4.1	2.4	4.5	1.1	(7.3)	4.8
Discontinued operations	—	(0.2)	—	—	—	(0.2)
Noncontrolling interests	—	—	—	0.5	—	0.5
Net income attributable to Koppers	\$ 4.1	\$ 2.2	\$ 4.5	\$ 0.6	\$ (7.3)	\$ 4.1

Condensed Consolidating Balance Sheet  
March 31, 2010

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>						
<b>ASSETS</b>						
Cash and cash equivalents	\$ 0.1	\$ —	\$ —	\$ 23.4	\$ —	\$ 23.5
Accounts receivable, net	33.1	126.2	410.3	101.1	(516.5)	154.2
Inventories, net	—	73.5	—	84.1	—	157.6
Deferred tax assets	—	10.0	(1.5)	—	—	8.5
Other current assets	(0.1)	7.7	0.3	9.9	—	17.8
Total current assets	33.1	217.4	409.1	218.5	(516.5)	361.6
Equity investments	26.3	77.2	26.5	3.4	(128.7)	4.7
Property, plant and equipment, net	—	88.8	—	65.8	—	154.6
Goodwill	—	37.0	—	32.0	—	69.0
Deferred tax assets	—	67.8	(47.7)	4.3	—	24.4
Other noncurrent assets	—	20.4	(0.1)	5.9	(0.1)	26.1
Total assets	\$ 59.4	\$ 508.6	\$ 387.8	\$ 329.9	\$ (645.3)	\$ 640.4
<b>LIABILITIES AND EQUITY</b>						
Accounts payable	\$ 3.5	\$ 478.0	\$ 12.7	\$ 105.1	\$ (516.6)	\$ 82.7
Accrued liabilities	4.3	29.0	(0.1)	25.3	—	58.5
Short-term debt and current portion of long-term debt	—	0.2	—	—	—	0.2
Total current liabilities	7.8	507.2	12.6	130.4	(516.6)	141.4
Long-term debt	—	314.0	—	0.6	—	314.6
Other long-term liabilities	—	96.4	—	25.3	—	121.7
Total liabilities	7.8	917.6	12.6	156.3	(516.6)	577.7
Koppers stockholders' equity	51.6	(409.0)	375.2	162.5	(128.7)	51.6
Noncontrolling interests	—	—	—	11.1	—	11.1
Total liabilities and equity	\$ 59.4	\$ 508.6	\$ 387.8	\$ 329.9	\$ (645.3)	\$ 640.4

Condensed Consolidating Balance Sheet  
December 31, 2009

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>						
<b>ASSETS</b>						
Cash and cash equivalents	\$ 0.2	\$ 12.9	\$ —	\$ 45.3	\$ —	\$ 58.4
S-T investments & restricted cash	—	—	—	4.4	—	4.4
Accounts receivable, net	36.1	121.3	415.8	83.1	(516.7)	139.6
Inventories, net	—	78.9	—	74.0	(0.2)	152.7
Deferred tax assets	—	10.0	(1.5)	—	—	8.5
Other current assets	—	6.9	0.3	10.3	(0.1)	17.4
Total current assets	36.3	230.0	414.6	217.1	(517.0)	381.0
Equity investments	12.7	77.2	14.8	3.3	(103.3)	4.7
Property, plant and equipment, net	—	90.9	—	58.4	—	149.3
Goodwill	—	37.0	—	24.6	—	61.6
Deferred tax assets	—	68.2	(47.7)	5.4	—	25.9
Other noncurrent assets	—	19.6	—	2.3	—	21.9
Total assets	\$49.0	\$ 522.9	\$ 381.7	\$ 311.1	\$ (620.3)	\$ 644.4
<b>LIABILITIES AND EQUITY</b>						
Accounts payable	\$ 0.6	\$ 473.9	\$ 10.2	\$ 99.3	\$ (516.7)	\$ 67.3
Accrued liabilities	4.6	29.4	(0.1)	30.4	—	64.3
Short-term debt and current portion of long-term debt	—	0.2	—	—	—	0.2
Total current liabilities	5.2	503.5	10.1	129.7	(516.7)	131.8
Long-term debt	—	335.1	—	—	—	335.1
Other long-term liabilities	—	96.3	—	26.4	—	122.7
Total liabilities	5.2	934.9	10.1	156.1	(516.7)	589.6
Koppers stockholders' equity	43.8	(412.0)	371.6	144.0	(103.6)	43.8
Noncontrolling interests	—	—	—	11.0	—	11.0
Total liabilities and equity	\$49.0	\$ 522.9	\$ 381.7	\$ 311.1	\$ (620.3)	\$ 644.4

Condensed Consolidating Statement of Cash Flows  
For the Three Months Ended March 31, 2010

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>						
Cash provided by (used in) operating activities	\$ 5.3	\$ 15.0	\$ —	\$ 0.4	\$ (4.5)	\$ 16.2
Cash provided by (used in) investing activities:						
Capital expenditures and acquisitions	—	(2.0)	—	(22.8)	—	(24.8)
Net cash proceeds (payments) from divestitures and asset sales	—	—	—	1.7	—	1.7
Net cash provided by (used in) investing activities	—	(2.0)	—	(21.1)	—	(23.1)
Cash provided by (used in) financing activities:						
Borrowings (repayments) of long-term debt	—	(21.2)	—	—	—	(21.2)
Deferred financing costs	—	(0.1)	—	—	—	(0.1)
Dividends paid	(4.5)	(4.5)	—	—	4.5	(4.5)
Stock issued (repurchased)	(0.9)	—	—	—	—	(0.9)
Net cash provided by (used in) financing activities	(5.4)	(25.8)	—	—	4.5	(26.7)
Effect of exchange rates on cash	—	—	—	(1.3)	—	(1.3)
Net increase (decrease) in cash and cash equivalents	(0.1)	(12.8)	—	(22.0)	—	(34.9)
Cash and cash equivalents at beginning of year	0.2	12.8	—	45.4	—	58.4
Cash and cash equivalents at end of period	\$ 0.1	\$ —	\$ —	\$ 23.4	\$ —	\$ 23.5

Condensed Consolidating Statement of Cash Flows  
For the Three Months Ended March 31, 2009

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>						
Cash provided by (used in) operating activities	\$ 4.6	\$ 17.4	\$ —	\$ 4.3	\$ (4.7)	\$ 21.6
Cash provided by (used in) investing activities:						
Capital expenditures and acquisitions	—	(1.8)	—	(2.0)	—	(3.8)
Net cash (used in) investing activities	—	(1.8)	—	(2.0)	—	(3.8)
Cash provided by (used in) financing activities:						
Dividends paid	(4.5)	(4.7)	—	—	4.7	(4.5)
Net cash provided by (used in) financing activities	(4.5)	(4.7)	—	—	4.7	(4.5)
Effect of exchange rates on cash	—	0.9	—	(1.1)	—	(0.2)
Net increase (decrease) in cash and cash equivalents	0.1	11.8	—	1.2	—	13.1
Cash and cash equivalents at beginning of year		37.6	—	25.5	—	63.1
Cash and cash equivalents at end of period	\$ 0.1	\$ 49.4	\$ —	\$ 26.7	\$ —	\$ 76.2

18. 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 and warrants, from time to time in one or more offerings with an aggregate offering price of up to \$325 million. 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 subsidiaries in the United States, Europe and Australia. The non-guarantor subsidiaries consist of certain subsidiaries in the United States, China and Mauritius. 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 consolidated financial information for subsidiary guarantors will be revised to identify the subsidiaries that actually provided guarantees.

Separate condensed consolidating financial statement information for the parent, Koppers Inc., domestic guarantor subsidiaries, foreign guarantor subsidiaries and non-guarantor subsidiaries as of March 31, 2010 and 2009 and for the three months ended March 31, 2010 and 2009 is as follows:

Condensed Consolidating Statement of Operations  
For the Three Months Ended March 31, 2010

<i>(Dollars in millions)</i>	<i>Parent</i>	<i>Koppers Inc.</i>	<i>Domestic Guarantor Subsidiaries</i>	<i>Foreign Guarantor Subsidiaries</i>	<i>Non- Guarantor Subsidiaries</i>	<i>Consolidating Adjustments</i>	<i>Consolidated</i>
Net sales	\$ —	\$ 160.6	\$ 9.5	\$ 87.7	\$ 29.0	\$ (12.5)	\$ 274.3
Cost of sales including depreciation and amortization	—	148.7	5.2	70.8	26.7	(11.3)	240.1
Selling, general and administrative	0.6	8.7	1.9	5.1	1.1	—	17.4
Operating profit (loss)	(0.6)	3.2	2.4	11.8	1.2	(1.2)	16.8
Other income (expense)	7.7	0.1	(0.1)	1.6	0.1	(7.7)	1.7
Interest expense (income)	—	7.0	—	1.2	0.1	(1.4)	6.9
Income taxes	(0.2)	1.1	0.1	3.2	—	—	4.2
Income from continuing operations	7.3	(4.8)	2.2	9.0	1.2	(7.5)	7.4
Noncontrolling interests	—	—	—	—	0.1	—	0.1
Net income attributable to Koppers	\$ 7.3	\$ (4.8)	\$ 2.2	\$ 9.0	\$ 1.1	\$ (7.5)	\$ 7.3

Condensed Consolidating Statement of Operations  
For the Three Months Ended March 31, 2009

<i>(Dollars in millions)</i>	<i>Parent</i>	<i>Koppers Inc.</i>	<i>Domestic Guarantor Subsidiaries</i>	<i>Foreign Guarantor Subsidiaries</i>	<i>Non- Guarantor Subsidiaries</i>	<i>Consolidating Adjustments</i>	<i>Consolidated</i>
Net sales	\$ —	\$ 190.0	\$ 10.7	\$ 67.3	\$ 19.5	\$ (14.8)	\$ 272.7
Cost of sales including depreciation and amortization	—	169.6	5.6	61.3	17.1	(13.7)	239.9
Selling, general and administrative	0.4	7.9	0.4	4.7	1.0	—	14.4
Operating profit (loss)	(0.4)	12.5	4.7	1.3	1.4	(1.1)	18.4
Other income (expense)	7.3	0.1	(0.1)	—	—	(7.3)	—
Interest expense (income)	4.7	5.7	—	0.9	—	(1.1)	10.2
Income taxes	(1.9)	4.5	0.1	0.3	0.4	—	3.4
Income from continuing operations	4.1	2.4	4.5	0.1	1.0	(7.3)	4.8
Discontinued operations	—	(0.2)	—	—	—	—	(0.2)
Noncontrolling interests	—	—	—	—	0.5	—	0.5
Net income attributable to Koppers	\$ 4.1	\$ 2.2	\$ 4.5	\$ 0.1	\$ 0.5	\$ (7.3)	\$ 4.1



Condensed Consolidating Balance Sheet  
March 31, 2010

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Foreign Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>							
<b>ASSETS</b>							
Cash and cash equivalents	\$ 0.1	\$ —	\$ —	\$ 15.8	\$ 7.6	\$ —	\$ 23.5
Accounts receivable, net	33.1	126.2	410.3	69.2	67.8	(552.4)	154.2
Inventories, net	—	73.5	—	69.4	14.7	—	157.6
Deferred tax assets	—	10.0	(1.5)	—	—	—	8.5
Other current assets	(0.1)	7.7	0.3	7.8	2.1	—	17.8
Total current assets	33.1	217.4	409.1	162.2	92.2	(552.4)	361.6
Equity investments	26.3	77.2	26.5	17.5	13.4	(156.2)	4.7
Property, plant and equipment, net	—	88.8	—	41.5	24.3	—	154.6
Goodwill	—	37.0	—	23.4	8.6	—	69.0
Deferred tax assets	—	67.8	(47.7)	4.3	—	—	24.4
Other noncurrent assets	—	20.4	(0.1)	1.0	4.8	—	26.1
Total assets	\$59.4	\$ 508.6	\$ 387.8	\$ 249.9	\$ 143.3	\$ (708.6)	\$ 640.4
<b>LIABILITIES AND EQUITY</b>							
Accounts payable	\$ 3.5	\$ 478.0	\$ 12.7	\$ 98.9	\$ 42.1	\$ (552.5)	\$ 82.7
Accrued liabilities	4.3	29.0	(0.1)	18.6	6.7	—	58.5
Short-term debt and current portion of long-term debt	—	0.2	—	—	—	—	0.2
Total current liabilities	7.8	507.2	12.6	117.5	48.8	(552.5)	141.4
Long-term debt	—	314.0	—	—	0.6	—	314.6
Other long-term liabilities	—	96.4	—	12.6	12.7	—	121.7
Total liabilities	7.8	917.6	12.6	130.1	62.1	(552.5)	577.7
Koppers stockholders' equity	51.6	(409.0)	375.2	119.8	70.1	(156.1)	51.6
Noncontrolling interests	—	—	—	—	11.1	—	11.1
Total liabilities and equity	\$59.4	\$ 508.6	\$ 387.8	\$ 249.9	\$ 143.3	\$ (708.6)	\$ 640.4

Condensed Consolidating Balance Sheet  
December 31, 2009

	Parent	Koppers Inc.	Domestic Guarantor Subsidiaries	Foreign Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<i>(Dollars in millions)</i>							
<b>ASSETS</b>							
Cash and cash equivalents	\$ 0.2	\$ 12.9	\$ —	\$ 36.9	\$ 8.4	\$ —	\$ 58.4
S-T investments & restricted cash	—	—	—	—	4.4	—	4.4
Accounts receivable, net	36.1	121.3	415.8	42.2	41.1	(516.9)	139.6
Inventories, net	—	78.9	—	67.0	7.0	(0.2)	152.7
Deferred tax assets	—	10.0	(1.5)	—	—	—	8.5
Other current assets	—	6.9	0.3	6.8	3.5	(0.1)	17.4
Total current assets	36.3	230.0	414.6	152.9	64.4	(517.2)	381.0
Equity investments	12.7	77.2	14.8	17.1	3.4	(120.5)	4.7
Property, plant and equipment, net	—	90.9	—	41.8	16.6	—	149.3
Goodwill	—	37.0	—	23.3	1.3	—	61.6
Deferred tax assets	—	68.2	(47.7)	5.4	—	—	25.9
Other noncurrent assets	—	19.6	—	0.8	1.4	0.1	21.9
Total assets	\$49.0	\$ 522.9	\$ 381.7	\$ 241.3	\$ 87.1	\$ (637.6)	\$ 644.4
<b>LIABILITIES AND EQUITY</b>							
Accounts payable	\$ 0.6	\$ 473.9	\$ 10.2	\$ 91.5	\$ 8.0	\$ (516.9)	\$ 67.3
Accrued liabilities	4.6	29.4	(0.1)	20.5	9.9	—	64.3
Short-term debt and current portion of long-term debt	—	0.2	—	—	—	—	0.2
Total current liabilities	5.2	503.5	10.1	112.0	17.9	(516.9)	131.8
Long-term debt	—	335.1	—	—	—	—	335.1
Other long-term liabilities	—	96.3	—	16.0	10.4	—	122.7
Total liabilities	5.2	934.9	10.1	128.0	28.3	(516.9)	589.6
Koppers stockholders' equity	43.8	(412.0)	371.6	113.3	47.8	(120.7)	43.8
Noncontrolling interests	—	—	—	—	11.0	—	11.0
Total liabilities and equity	\$49.0	\$ 522.9	\$ 381.7	\$ 241.3	\$ 87.1	\$ (637.6)	\$ 644.4

Condensed Consolidating Statement of Cash Flows  
For the Three Months Ended March 31, 2010

	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	\$ 5.3	\$ 15.0	\$ —	\$ 2.9	\$ (2.5)	\$ (4.5)	\$ 16.2
Cash provided by (used in) investing activities:							
Capital expenditures and acquisitions	—	(2.0)	—	(0.8)	(22.0)	—	(24.8)
Net cash proceeds (payments) from divestitures and asset sales	—	—	—	1.6	0.1	—	1.7
Net cash provided by (used in) investing activities	—	(2.0)	—	0.8	(21.9)	—	(23.1)
Cash provided by (used in) financing activities:							
Borrowings (repayments) of long-term debt	—	(21.2)	—	(23.7)	23.7	—	(21.2)
Deferred financing costs	—	(0.1)	—	—	—	—	(0.1)
Dividends paid	(4.5)	(4.5)	—	—	—	4.5	(4.5)
Stock issued (repurchased)	(0.9)	—	—	—	—	—	(0.9)
Net cash provided by (used in) financing activities	(5.4)	(25.8)	—	(23.7)	23.7	4.5	(26.7)
Effect of exchange rates on cash	—	—	—	(1.1)	(0.2)	—	(1.3)
Net increase (decrease) in cash and cash equivalents	(0.1)	(12.8)	—	(21.1)	(0.9)	—	(34.9)
Cash and cash equivalents at beginning of year	0.2	12.8	—	36.9	8.5	—	58.4
Cash and cash equivalents at end of period	\$ 0.1	\$ —	\$ —	\$ 15.8	\$ 7.6	\$ —	\$ 23.5

Condensed Consolidating Statement of Cash Flows  
For the Three Months Ended March 31, 2009

	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	\$ 4.6	\$ 17.4	\$ —	\$ 2.9	\$ 1.4	\$ (4.7)	\$ 21.6
Cash provided by (used in) investing activities:							
Capital expenditures and acquisitions	—	(1.8)	—	(0.6)	(1.4)	—	(3.8)
Net cash (used in) investing activities	—	(1.8)	—	(0.6)	(1.4)	—	(3.8)
Cash provided by (used in) financing activities:							
Dividends paid	(4.5)	(4.7)	—	—	—	4.7	(4.5)
Net cash provided by (used in) financing activities	(4.5)	(4.7)	—	—	—	4.7	(4.5)
Effect of exchange rates on cash	—	0.9	—	(1.1)	—	—	(0.2)
Net increase (decrease) in cash and cash equivalents	0.1	11.8	—	1.2	—	—	13.1
Cash and cash equivalents at beginning of year	—	37.6	—	18.6	6.9	—	63.1
Cash and cash equivalents at end of period	\$ 0.1	\$ 49.4	\$ —	\$ 19.8	\$ 6.9	\$ —	\$ 76.2

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

Certain sections of "Management's Discussion and Analysis of Financial Condition and Results of Operations" include forward-looking statements concerning trends or events potentially affecting the businesses of Koppers. These statements typically contain words such as "believes", "anticipates", "expects", "estimates", "may", "will", "should", "continue", "plans", "intends", "likely", or other similar words indicating that future outcomes are uncertain. In accordance with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, although not necessarily all factors, which would cause future outcomes to differ materially from those set forth in the forward-looking statements. For additional risk factors affecting our business, see Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2009.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited financial statements and related notes included in Item 1 of this Part I as well as the audited consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the year ended December 31, 2009.

### Overview

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, the Netherlands and Denmark.

We operate two principal businesses: **Carbon Materials & Chemicals ("CM&C")** and **Railroad & Utility Products ("R&UP")**.

Through our CM&C 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 R&UP business, we believe that we are the largest supplier of railroad crossties to the North American railroads. Our other commercial wood treatment products include the provision of utility poles to the electric and telephone utility industries.

Our CM&C business has entered into a number of strategic transactions during the last number of years to expand and focus on its core business related to coal tar distillation and derived products. Most recently, we acquired Cindu Chemicals B.V., ("Cindu") a Dutch company which operates a 140,000 metric ton coal tar distillation plant in Uithoorn, Netherlands. The acquisition strengthens the Company's presence in Europe and increases the Company's ability to service its export markets. For the year ended December 31, 2009, Cindu's revenues were approximately \$45 million.

### 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 both in the United States and overseas; (ii) raw materials pricing and availability, in particular the amount and quality of coal tar available in global markets, which could be negatively impacted by reductions in steel production; (iii) volatility in oil prices, which impacts selling prices and margins for certain of our products including carbon black feedstock and phthalic anhydride; (iv) competitive conditions in global carbon pitch markets; (v) low margins in the utility pole business; and (vi) changes in foreign exchange rates.

Our businesses and results of operations have been negatively impacted by the global economic recession starting in late 2008. We expect that, although the global economy and our key end markets have stabilized and in some cases started to recover, we will continue to experience reduced demand for some products in 2010 as improvement in our key end markets will emerge over time. In the past two years, we have seen significant reductions in global production of aluminum, steel, rubber, concrete, plastics and paints, among others, that represent markets in which our products are consumed. We believe that there will continue to be uncertainty regarding the levels of production going forward, although in 2010 we have seen significant increases in steel, rubber and plastics that appear to be indicative of a recovery in these markets. In addition to reduced demand

for some of our products, many of our customers have been aggressively attempting to reduce their manufactured raw material costs. Accordingly, some of our customers have been moving toward short-term pricing arrangements as opposed to long-term contracts with periodic pricing reviews.

In the past 18 months we have seen the temporary idling or closure of several aluminum smelters, particularly in North America and Europe, as demonstrated by the fact that global production of aluminum declined by approximately six percent in 2009 over 2008 levels. While few smelters have closed or reduced production over the past nine months, we believe that restarts for some of these smelters may be delayed as newer, more cost effective smelters come on line in regions with lower cost energy. However, we believe we are well positioned to supply these smelters due to our capacity expansions in China and are currently supplying several of these new smelters.

While our volumes of carbon pitch have increased as our Chinese operations supply several of the new smelters in the Middle East, profit margins in this region have been reduced as coal tar costs have increased in response to reduced availability and higher oil prices.

Our carbon black facility in Australia has experienced operating problems related to a boiler that impacted profitability in the first quarter of 2010 by an estimated \$0.5 million. The impact on second quarter 2010 results is expected to be in the \$1 to \$2 million range as we move towards a resolution of this problem.

Our railroad business was down substantially in the first quarter of 2010 from an unusually strong prior year quarter as the railroads reduced their untreated crosstie purchases to more normal seasonal patterns that were reduced even further as severe snowstorms in the U.S. in January and February impacted crosstie availability. The reduction in availability of crossties is also expected to have a residual impact on our second quarter results as a distressed logging industry recovers from weather issues and unfavorable market pricing conditions. Although untreated crosstie volumes for the industry are expected to be reduced from 2009 levels, we are focused on increasing our crosstie procurement levels for the railroads through the remainder of 2010 in order to meet what we believe to be consistent crosstie insertion targets for 2010 and 2011.

#### *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 several facilities have been halted for short periods of time 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 fourth and first calendar quarters as compared to the second and third calendar quarters. We expect this seasonality trend to continue in future periods.

Due to the concentration of our North American operating facilities in the eastern and mid-western portions of the United States, we have been negatively impacted by heavy snowstorm activity in January and February 2010. This has resulted in higher operating and logistics costs as well as lower production and shipments of our products at these locations. These conditions had a negative impact on our results for the first quarter of 2010.

#### Results of Operations – Comparison of Three Months Ended March 31, 2010 and 2009

##### *Consolidated Results*

**Net sales** for the three months ended March 31, 2010 and 2009 are summarized by segment in the following table:

	<u>Three Months Ended March 31,</u>		<u>Net Change</u>
	<u>2010</u>	<u>2009</u>	
<i>(Dollars in millions)</i>			
Carbon Materials & Chemicals	\$ 173.3	\$ 145.5	+19%
Railroad & Utility Products	101.0	127.2	-21%
	\$ 274.3	\$ 272.7	+1%

**CM&C net sales** increased by \$27.8 million or 19 percent due to the following changes in volume, pricing and foreign exchange:

	Price	Volume	Foreign Exchange	Net Change
Carbon Materials <sup>(a)</sup>	-8%	+3%	+4%	-1%
Distillates <sup>(b)</sup>	+3%	-2%	+1%	+2%
Coal Tar Chemicals <sup>(c)</sup>	+5%	+2%	+1%	+8%
Other <sup>(d)</sup>	+2%	+5%	+3%	+10%
<b>Total CM&amp;C</b>	<b>+2%</b>	<b>+8%</b>	<b>+9%</b>	<b>+19%</b>

(a) Includes carbon pitch and refined tar.

(b) Includes creosote and carbon black feedstock.

(c) Includes naphthalene and phthalic anhydride.

(d) Includes carbon black, petroleum pitch, benzole, freight and other products.

Carbon materials prices for carbon pitch decreased by eight percent as prices in all geographic regions declined. The price decreases are due to generally lower tar costs in most regions and excess supply in some regions.

Distillate pricing for carbon black feedstock increased two percent in Europe due to higher average worldwide oil prices as compared to the prior year. The decrease in distillate sales volume is due primarily to lower creosote sales in the U.S. of three percent partially offset by higher carbon black feedstock sales in China totaling one percent. The decrease in creosote sales in the U.S. is related to lower wood treating in the first quarter of 2010 due to difficult weather conditions.

For coal tar chemicals, phthalic anhydride prices in the U.S. increased four percent as higher oil prices and stronger demand drove prices higher.

**R&UP net sales** decreased by \$26.2 million or 21 percent due to the following changes in volume, pricing and foreign currency:

	Price	Volume	Foreign Exchange	Net Change
Railroad Crossties <sup>(a)</sup>	-3%	-15%	—%	-18%
TSO Crossties <sup>(b)</sup>	—%	—%	—%	—%
Distribution Poles	—%	-1%	+1%	—%
Other <sup>(c)</sup>	-2%	-1%	—%	-3%
<b>Total R&amp;UP</b>	<b>-5%</b>	<b>-17%</b>	<b>+1%</b>	<b>-21%</b>

(a) Includes treated and untreated railroad crossties.

(b) Includes sales from treatment services only ("TSO").

(c) Includes creosote, transmission poles, pilings, freight and other treated and untreated lumber products.

Sales volume decreases for untreated railroad crossties totaled 11 percent in the quarter ended March 31, 2010. Additionally, sales volume decreases of four percent were realized for treated railroad crossties. The volume reduction for untreated crossties was due to a weak lumber market and difficult weather conditions combined with an abnormally high volume in the prior year quarter. The decrease in treated crossties was due primarily to lower sales to commercial customers as economic conditions have resulted in lower spending from this market.

**Cost of sales** as a percentage of net sales was 85 percent for the quarter ended March 31, 2010 and 86 percent for the quarter ended March 31, 2009. Overall, cost of sales was unchanged between periods.

**Depreciation and amortization** for the quarter ended March 31, 2010 was \$0.4 million higher when compared to the prior year period due partially to foreign exchange.

**Selling, general and administrative expenses** for the quarter ended March 31, 2010 were \$3.0 million higher when compared to the prior year period primarily due to higher incentive accruals, acquisition costs related to Cindu of \$1.6 million and foreign exchange impacts of \$1.0 million.

**Other income** for the quarter ended March 31, 2010 was \$1.7 million higher when compared to the prior year primarily due to the gain on the sale of an Australian property of \$1.6 million.

**Interest expense** for the quarter ended March 31, 2010 was \$3.3 million lower when compared to the prior year period primarily due to lower average borrowings and lower borrowing costs as compared to the prior period. Lower average borrowings resulted from debt reductions from cash flow and lower borrowing costs resulted from the refinancing of long-term debt in the fourth quarter of 2009.

**Income taxes** for the quarter ended March 31, 2010 were \$0.8 million higher when compared to the prior year period due primarily to the increase in pretax income of \$3.4 million and a lower effective income tax rate. The Company's effective income tax rate for the quarter ended March 31, 2010 was 35.9 percent as compared to the prior year period of 41.5 percent. The prior year effective tax rate was higher primarily due to the recognition of deferred tax expense on estimated foreign dividends from Europe in 2009.

### Segment Results

**Segment operating profits** for the three months ended March 31, 2010 and 2009 are summarized by segment in the following table:

	<i>Three Months Ended March 31,</i>		<i>% Change</i>
	<i>2010</i>	<i>2009</i>	
<i>(Dollars in millions)</i>			
<b>Operating profit:</b>			
Carbon Materials & Chemicals	\$ 10.7	\$ 6.5	+65%
Railroad & Utility Products	6.7	12.3	-46%
Corporate	(0.6)	(0.4)	-50%
	<b>\$ 16.8</b>	<b>\$ 18.4</b>	<b>-9%</b>
<b>Operating profit as a percentage of net sales:</b>			
Carbon Materials & Chemicals	6.2%	4.5%	+1.7%
Railroad & Utility Products	6.6%	9.7%	-3.1%
	<b>6.1%</b>	<b>6.7%</b>	<b>-0.6%</b>

**Carbon Materials & Chemicals net sales and operating profit** by geographic region for the three months ended March 31, 2010 and 2009 are summarized in the following table:

	<i>Three months ended March 31,</i>		<i>% Change</i>
	<i>2010</i>	<i>2009</i>	
<i>(Dollars in millions)</i>			
<b>Net sales:</b>			
North America	\$ 68.3	\$ 69.1	-1%
Europe	45.8	33.6	+36%
Australia	37.9	27.4	+38%
China	23.3	18.4	+27%
Intrasegment	(2.0)	(3.0)	+33%
	<b>\$ 173.3</b>	<b>\$ 145.5</b>	<b>+19%</b>
<b>Operating profit:</b>			
North America	\$ 2.5	\$ 5.0	-50%
Europe	5.0	0.2	+2,400%
Australia	2.8	0.1	+2,700%
China	0.1	1.2	-92%
Intrasegment	0.3	—	n/a%
	<b>\$ 10.7</b>	<b>\$ 6.5</b>	<b>+65%</b>



**North American CM&C sales** decreased by \$0.8 million as higher volumes and prices for phthalic anhydride totaling \$7.8 million and higher volumes for petroleum pitch totaling \$2.2 million were offset by lower volumes and prices for carbon pitch totaling \$6.3 million and lower volumes for creosote of \$4.9 million. Operating profit as a percentage of net sales decreased to four percent from seven percent between periods reflecting lower sales volumes for carbon pitch and creosote, which more than offset the impact of higher volumes and pricing for phthalic anhydride and higher volumes for petroleum pitch. Operating profit was also negatively impacted by \$1.6 million related to acquisition costs in the first quarter of 2010.

**European CM&C sales** increased by \$12.2 million due primarily to higher prices for carbon black feedstock and specialty chemicals totaling \$8.5 million and sales from the Cindu acquisition of \$4.7 million. Operating profit as a percentage of net sales was 11 percent as compared to one percent in the prior year.

**Australian CM&C sales** increased by \$10.5 million due primarily to higher volumes for carbon pitch and carbon black totaling \$7.4 million combined with currency exchange rate changes which increased sales by \$10.1 million. These increases were partially offset by lower prices for carbon pitch and carbon black totaling \$7.0 million. Operating profit as a percentage of net sales was seven percent for the three months ended March 31, 2010 as compared to break-even for the prior period reflecting difficult market conditions in the prior year quarter.

**Chinese CM&C sales** increased by \$4.9 million due primarily to higher volumes of carbon pitch and higher prices for carbon black feedstock totaling \$4.6 million. Operating profit as a percentage of net sales was break-even for the three months ended March 31, 2010 as compared to seven percent for the three months ended March 31, 2009 as higher tar costs in China and lower selling prices due to excess carbon pitch supply in Asia resulted in lower margins.

**Railroad & Utility Products operating profit** for the quarter ended March 31, 2010 decreased by \$5.6 million as compared to the prior period primarily as a result of lower volumes for treated and untreated railroad crossties due to unfavorable weather and lumber market conditions combined with abnormally high volumes in the prior year quarter. Operating profit was favorably affected by the gain on the sale of an Australian property of \$1.6 million and the reversal of an environmental reserve of \$2.9 million. Operating profit as a percentage of net sales decreased to seven percent from ten percent between periods as operating expenses in 2010 were higher due to weather conditions, and lower volumes negatively impacted revenues and cost absorption.

#### Cash Flow

**Net cash provided by operating activities** was \$16.2 million for the quarter ended March 31, 2010 as compared to net cash provided by operating activities of \$21.6 million for the quarter ended March 31, 2009. The decrease of \$5.4 million in net cash provided by operations is due primarily to higher working capital requirements as compared to prior periods.

**Net cash used by investing activities** was \$23.1 million for the quarter ended March 31, 2010 as compared to net cash used by investing activities of \$3.8 million for the quarter ended March 31, 2009. The first quarter of 2010 included the acquisition of Cindu totaling \$22.0 million partially offset by the proceeds from sale of an Australian property for \$1.6 million.

**Net cash used by financing activities** was \$26.7 million for the quarter ended March 31, 2010 as compared to net cash used by financing activities of \$4.5 million for the quarter ended March 31, 2009. The first quarter of 2010 included the repayment of borrowing on the revolving credit facility of \$21.1 million.

**Dividends paid** were \$4.5 million in the quarter ended March 31, 2010 as compared to dividends paid of \$4.5 million for the quarter ended March 31, 2009. Dividends paid in both quarters reflect a dividend rate of 22 cents per common share.

On May 5, 2010, our board of directors declared a quarterly dividend of 22 cents per common share, payable on July 6, 2010 to shareholders of record as of May 17, 2010.

#### 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. In addition, the terms of Koppers Inc.'s revolving credit facility and the terms of Koppers Inc.'s 7<sup>7</sup>/<sub>8</sub>% Senior Notes due 2019 (the "Senior Notes") indenture place restrictions on the amount of dividends it may pay to Koppers Holdings. The amount of permitted

dividends under the revolving credit facility is generally limited by Koppers Inc.'s fixed charge coverage ratio covenant, among other terms. The amount of permitted dividends under the Senior Note indenture is primarily determined by a derived basket. The basket is 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.

Notwithstanding the foregoing, the Senior Notes indenture 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.

Significant reductions in net income, or increases to indebtedness affecting compliance with financial covenants or availability under the revolving credit facility would restrict Koppers Inc.'s ability to pay dividends. As of March 31, 2010, the amount of dividends which may be declared by Koppers Inc. under the terms of the Senior Notes, in addition to the \$20.0 million annual allowance, amounted to \$142.3 million.

#### Liquidity

The Koppers Inc. revolving credit facility agreement provides for a revolving credit facility of up to \$300.0 million at variable rates. Borrowings under the revolving credit facility are secured by a first priority lien on substantially all of Koppers Inc.'s assets. The revolving credit facility contains certain covenants that limit capital expenditures by Koppers Inc. and restrict its ability to incur additional indebtedness, create liens on its assets, enter into leases, pay dividends and make investments or acquisitions. In addition, such covenants give rise to events of default upon the failure by Koppers Inc. to meet certain financial ratios.

As of March 31, 2010, we had \$188.6 million of unused revolving credit availability for working capital purposes after restrictions by various debt covenants and certain letter of credit commitments. As of March 31, 2010, \$14.2 million of commitments were utilized by outstanding letters of credit.

The following table summarizes our estimated liquidity as of March 31, 2010 (*dollars in millions*):

Cash and cash equivalents	\$ 23.5
Amount available under revolving credit facility	188.6
Amount available under other credit facilities	12.1
<b>Total estimated liquidity</b>	<b>\$224.2</b>

Our estimated liquidity was \$230.2 million at December 31, 2009. The decrease in estimated liquidity from that date is due primarily to cash used for acquisitions.

As of March 31, 2010, we had \$325.0 million aggregate amount of common stock, debt securities, preferred stock, depositary shares and warrants (or a combination of these securities) available to be issued under our registration statement on Form S-3 filed in 2009.

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 for working capital, capital maintenance programs and mandatory defined benefit plan funding. We may also use cash to pursue potential strategic acquisitions. Capital expenditures in 2010, excluding acquisitions, are expected to total approximately \$26 million. We believe that our cash flow from operations and available borrowings under the revolving credit facility will be sufficient to fund our anticipated liquidity requirements for at least the next twelve months. In the event that the foregoing sources are not sufficient to fund our expenditures and service our indebtedness, we would be required to raise additional funds.

#### 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 March 31, 2010 was 2.3.

- 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 March 31, 2010 was 2.75.
- i The senior secured leverage ratio, calculated as of the end of each fiscal quarter for the four fiscal quarters then ended, is not permitted to exceed 2.75. The senior secured leverage ratio at March 31, 2010 was 0.18.

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

At March 31, 2010, Koppers Inc. had \$300.0 million principal value outstanding of Senior Notes. The Senior Notes include customary covenants that restrict, among other things, our ability to incur additional debt, pay dividends or make certain other restricted payments, incur liens, merge or sell all or substantially all of the assets or enter into various transactions with affiliates. We are currently in compliance with all covenants in the Senior Notes indenture.

#### Legal Matters

The information set forth in Note 16 to the Condensed Consolidated Financial Statements of Koppers Holdings Inc. included in Item 1 of this Part I is incorporated herein by reference.

#### Recently Issued Accounting Guidance

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

#### Critical Accounting Policies

There have been no material changes to the Company's critical accounting policies as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

#### Environmental and Other Matters

The information set forth in Note 16 to the Condensed Consolidated Financial Statements of Koppers Holdings Inc. included in Item 1 of Part I is incorporated herein by reference.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There are no material changes to the disclosure on this matter made in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

### **ITEM 4. CONTROLS AND PROCEDURES**

The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures were effective as of the end of the period covered by this report. There was no change in the Company's internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2010 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II—OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

The information set forth in Note 16 to the Condensed Consolidated Financial Statements of Koppers Holdings Inc. included in Item 1 of Part I of this report is incorporated herein by reference.

### **ITEM 1A. RISK FACTORS**

There have been no material changes to the Risk Factors previously disclosed in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

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

The following table sets forth information regarding Koppers Holdings' repurchases of shares of its common stock during the three months ended March 31, 2010:

Period	Total Number of Common Shares Purchased	Average Price paid per Common Share	Total Number of Common Shares Purchased as Part of Publicly announced Plans or Programs	Maximum Number of Common Shares that May Yet be Purchased Under the Plans or Programs
January 1 – January 31	—	\$ —	—	—
February 1 – February 28	—	\$ —	—	—
March 1 – March 31	29,743	\$ 29.14	29,743	— <sup>(1)</sup>

<sup>(1)</sup> Under the terms of the Company's Long-Term Incentive Plan, restricted stock units and performance stock units granted in 2007 vested in March 2010. Upon the vesting of a portion of these stock units, each employee who holds these stock units has the right to cause the Company to withhold shares of the Company's common stock for tax obligations incurred in connection with the vesting of these units and the related issuance of shares of the Company's common stock to such employee.

See description of the limitations on the payment of dividends in Management's Discussion and Analysis of Financial Condition and Results of Operations: Liquidity and Capital Resources.

## ITEM 5. OTHER INFORMATION

On February 4, 2010, our board of directors adopted our Senior Management Corporate Incentive Plan (the "Corporate Plan") and our Management Incentive Plan (the "Business Unit Plan"), which are the company's annual bonus/cash incentive plans. The Corporate Plan is funded based on a combination of the Company's actual consolidated earnings per share calculated according to generally accepted accounting principles, subject to any adjustments approved by the management, development and compensation committee or the board of directors ("EPS") and value creation measured at the consolidated company level compared to targeted levels established at the beginning of each year. Value creation, which is not a financial measure defined under generally accepted accounting principles, is defined as the amount of our earnings (before interest and taxes), adjusted by the management, development and compensation committee or the board of directors in its discretion to account for certain extraordinary items that exceeds a pre-defined level of return on invested capital. The pre-defined level is determined by multiplying the value of the assets invested in the corporation by 15 percent, which is our assumed cost of capital. The Corporate Plan provides that 60 percent of the pool is funded by EPS performance and 40 percent is funded by corporate value creation.

The Business Unit Plan is similar to the Corporate Plan, except that the amount of the aggregate bonus/incentive pool payable under the Business Unit Plan is established based entirely on the achievement of value creation goals at each business unit; EPS is not part of the calculation for the business unit plans.

The preceding description of the Corporate Plan and the Business Unit Plan is qualified and supplemented in all respects by the plan documents, which are attached hereto as Exhibit 10.60 and 10.61 and are incorporated herein by reference.

On March 16, 2010 our board of directors approved our amended and restated 2005 Long Term Incentive Plan (the "Plan") and on May 5, 2010 our shareholders approved the Plan at our annual meeting of shareholders. The Plan governs the award and payment of cash and equity awards to our employees (including executive officers), independent consultants and non-employee directors. The Plan is filed as Exhibit 10.59 hereto (incorporated by reference to Appendix A to the Company's Proxy Statement filed with the Securities and Exchange Commission on March 31, 2010). The terms and description of the Plan included in the Company's Proxy Statement filed with the Securities and Exchange Commission on March 31, 2010 are incorporated herein by reference.

The Company's description of the bonuses awarded to the named executive officers under the 2009 Senior Management Corporate Incentive Plan and 2009 Management Incentive Plan is provided in our definitive proxy statement for our 2010 Annual Meeting of Shareholders filed with the Securities and Exchange Commission on March 31, 2010 and is incorporated herein by reference.

The Company's 2010 Annual Meeting of Shareholders was held on May 5, 2010. Three matters were considered and voted upon at the Annual Meeting: the election of two persons to serve on our board of directors, the approval of our amended and restated 2005 Long Term Incentive Plan and the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2010.

**Election of Directors:** Nominations of David M. Hillenbrand and James C. Stalder to serve as directors for a three-year term expiring in 2013 were considered and both nominee were elected. Both nominees for election as director received a plurality of votes cast. The final voting results are as follows:

<i>Director Name</i>	<i>Votes for</i>	<i>Votes withheld</i>	<i>Broker non-votes</i>
David M. Hillenbrand, Ph.D.	17,660,206	366,923	1,331,891
James C. Stalder	17,670,575	356,554	1,331,891

The terms of office of Cynthia A. Baldwin, Sharon Feng, Albert J. Neupaver, Stephen R. Tritch, Walter W. Turner and T. Michael Young continued after the Annual Meeting. They will serve as directors until their terms expire and until their successors have been duly elected and qualify.

**Approval of amended and restated 2005 Long Term Incentive Plan:** The voting at the Annual Meeting to approve our amended and restated 2005 Long Term Incentive Plan was as follows:

For:	16,597,156
Against:	1,402,961
Abstain:	27,012
Broker non-votes:	1,331,891

**Ratification of Appointment of Ernst & Young LLC:** The Audit Committee of the Board of Directors appointed Ernst & Young LLP as our independent registered public accounting firm for the year 2010. The voting at the Annual Meeting to ratify the appointment of Ernst & Young LLP was as follows:

For:	19,191,601
Against:	145,516
Abstain:	21,830

## ITEM 6. EXHIBITS

- 10.59\*     \*\*     Koppers Holdings Inc. 2005 Long Term Incentive Plan, as Amended and Restated effective March 16, 2010.
- 10.60\*     \*\*\*     Senior Management Corporate Incentive Plan.
- 10.61\*     \*\*\*     Management Incentive Plan.
- 10.62\*     \*\*\*     Form of Koppers Holdings Inc. Restricted Stock Unit Issuance Agreement – Time Vesting.
- 10.63\*     \*\*\*     Form of Koppers Holdings Inc. Restricted Stock Unit Issuance Agreement – Performance Vesting.
- 10.64\*     \*\*\*     Form of Koppers Holdings Inc. Notice of Grant of Stock Option.
- 12.1\*\*\*     Computation of ratio of earnings to fixed charges
- 31.1\*\*\*     Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2\*\*\*     Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1\*\*\*     Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

\* Management Contract or Compensatory Plan

\*\* Previously filed as Appendix A to Proxy Statement filed March 31, 2010

\*\*\* Filed herewith

SIGNATURES

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

Date: May 10, 2010

KOPPERS HOLDINGS INC.  
(REGISTRANT)

By: /s/ BRIAN H. MCCURRIE  
Brian H. McCurrie  
Vice President and Chief Financial Officer  
(Principal Financial Officer,  
Principal Accounting Officer)



## **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:**

The following measures will be rewarded under the Plan:

- *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.

**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.



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**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 30<sup>th</sup> of the relevant Plan Year – eligible 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 30<sup>th</sup> of the relevant Plan Year – not eligible 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:**

**Value Creation Goals** – 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.

**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.

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 directors 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 22, 2010

Number of Shares Subject to Award: \_\_\_\_\_ shares of Common Stock (the "Shares")

Vesting Schedule: The Shares shall vest upon Participant's completion of a consecutive three (3)-year 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.

(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 and shall be paid to Participant promptly thereafter.

(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) Notwithstanding the provisions of subparagraphs (a) and (b) of this Paragraph 7, the employee portion of the federal, state and local employment taxes required to be withheld by the Corporation in connection with the vesting of the Shares (the "Employment Taxes") shall in all events be collected from Participant no later than the last business day of the calendar year in which the Shares vest hereunder. Accordingly, to the extent the Issue Date for one or more vested Shares (including shares attributable to the dividend equivalent rights provided under Paragraph 4) is to occur in a year subsequent to the calendar year in which those Shares vest, Participant shall, on or before the last business day of the calendar year in which the Shares vest, deliver to the Corporation a check payable to its order in the dollar amount equal to the Employment Taxes required to be withheld with respect to those Shares.

(e) 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.

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.

IN WITNESS WHEREOF, the parties have executed this Agreement on the Award Date indicated above.

KOPPERS HOLDINGS INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

**PARTICIPANT**

Signature: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

APPENDIX A

DEFINITIONS

The following definitions shall be in effect under the Agreement:

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 Administrator.

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 Company 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 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), (ii) on or after his attainment of age sixty (60) with at least twenty-five (25) years of service, or (iii) 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- PERFORMANCE VESTING

## RECITALS

A. The Board has adopted the Plan for the purpose of retaining the services of selected Employees, non-employee directors 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. Except as otherwise provided in this Agreement, the Restricted Stock Units shall vest on February 22, 2013, provided (i) the Participant continues in Service until February 22, 2013 and (ii) the pre-established performance objective tied to the Corporation's Cumulative Koppers Value Added (as defined in Schedule I attached hereto) measured over a specified period is attained. Each Restricted Stock Unit which so vests shall entitle Participant to receive one share of Common Stock on the specified issue date. The number of shares of Common Stock subject to the awarded Restricted Stock Units, the applicable performance target for the vesting of those shares, the alternative and special vesting provisions which may become applicable to such shares, the date on which the 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 22, 2010

Target Number of Shares Subject to Award: \_\_\_\_\_ shares of Common Stock (the "Shares"); provided, however, that the actual number of Restricted Stock Units shall be determined in accordance with the provisions of Schedule I attached hereto.

Vesting Schedule:

The Shares shall vest on February 22, 2013, provided (i) the Participant continues in Service until February 22, 2013 and (ii) the Performance Objective set forth in the attached Schedule I is attained over the Measurement Period. However, the Shares may also vest in accordance with the special vesting 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 on February 22, 2013 (or upon the date of an earlier Change in Control, or six months after the date of an earlier involuntary termination other than for Misconduct following a Change in Control, if so provided herein) (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. Special Vesting/Change in Control.

(a) Should Participant's Service terminate by reason of his or her Retirement, death or Permanent Disability prior to February 22, 2013, then on February 22, 2013, Participant shall vest in a number of Shares equal to the number of Shares (if any) in which Participant would have been vested at February 22, 2013 had Participant continued in the Corporation's Service through February 22, 2013 *multiplied by a fraction*, the numerator of which is the number of full months of Service Participant completed between the Award Date and the termination of Participant's Service, the denominator of which is thirty-six (36). In the event of the termination of Participant's Service due to Participant's Retirement, such vesting shall be conditioned upon Participant's compliance with the conditions of Section 9 through February 22, 2013.

(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. However, the vesting provisions in effect for the Award following the Change in Control shall no longer be tied to the attainment of the Performance Objective set forth in Schedule I and shall instead be converted

into the following Service-vesting schedule: The Award (whether in its assumed or continued form or as converted into a cash retention program) shall vest in full upon Participant's continuation in Service through February 22, 2013. Following the completion of such Service vesting period, the securities, cash or other property underlying the vested Award shall be issued on the applicable Issue Date. The Award may also vest in accordance with the special vesting provisions of Paragraphs 5(a) and (e) of this Agreement.

(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. However, in the event that the Change in Control occurs within the first twelve (12) months of the Measurement Period, the Award shall remain outstanding and eligible for vesting under the terms of this Agreement with respect only to the number of Shares that would have been earned pursuant to the performance objective identified in Schedule A if the Corporation's performance at the end of such Measurement Period was at the Target level. In the event that the Change in Control occurs on or after the first day of the thirteenth (13th) month of the Measurement Period and prior to the end of the Measurement Period, the Award shall remain outstanding and eligible for vesting under the terms of this Agreement only with respect to the number of Shares that would have been earned pursuant to the performance objective identified in Schedule A based on the Corporation's actual performance through the effective date of the Change in Control. 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(b), then (i) if the Change in Control occurs before December 31, 2011, a number of units equal to the Target Number of Shares subject to the Award (less any Shares in which Participant is at the time vested) will vest immediately prior to the closing of the Change in Control and (ii) if the Change in Control occurs on or after December 31, 2011, a number of units equal to the number of Shares that have been earned pursuant to the performance objective identified in Schedule A based on the Corporation's actual performance through December 31, 2011 will vest immediately prior to the closing of the Change in Control. The Shares that vest under this subparagraph (d) 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 February 22, 2013.

(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 and prior to February 22, 2013 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, (i) if such termination occurs before December 31, 2011, a number of units equal to the Target Number of Shares subject to the Award (less any Shares in which Participant is at the time vested) will vest on the date of termination and (ii) if such termination occurs on or after December 31, 2011, a number of units equal to the number of Shares that have been earned pursuant to the performance objective identified in Schedule A based on the Corporation's actual performance through December 31, 2011 shall vest on such date of termination. 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, February 22, 2013), 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 February 22, 2013.

(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 vesting or 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 vesting or issuance, a portion of the Shares with a Fair Market Value (measured as of the vesting or issuance date, as applicable) equal to the amount of those taxes (including taxes resulting from such withholding) (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) Notwithstanding the provisions of subparagraphs (a) and (b) of this Paragraph 7, the employee portion of the federal, state and local employment taxes required to be withheld by the Corporation in connection with the vesting of the Shares (the "Employment Taxes") shall in all events be collected from Participant no later than the last business day of the calendar year in which the Shares vest hereunder. Accordingly, to the extent the Issue Date for one or more vested Shares (including shares attributable to the dividend equivalent rights provided under Paragraph 4) is to occur in a year subsequent to the calendar year in which those Shares vest, Participant shall, on or before the last business day of the calendar year in which the Shares vest, deliver to the Corporation a check payable to its order in the dollar amount equal to the Employment Taxes required to be withheld with respect to those Shares.

(e) Except as otherwise provided in Paragraph 5 and Paragraph 4, 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 such 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.

10. Notices. Any notice required to be given or delivered to the Secretary of the Corporation under the terms of this Agreement shall be in writing and addressed to 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 are otherwise limited pursuant to a separate agreement between the Corporation (or any Parent or Subsidiary) and Participant.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first indicated above.

KOPPERS HOLDINGS INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_, PARTICIPANT

Signature: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

APPENDIX A

DEFINITIONS

The following definitions shall be in effect under the Agreement:

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 Administrator.

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. Measurement Period shall mean the period over which the Performance Objective is to be measured. That period shall be the two (2)-year period measured from January 1, 2010 to December 31, 2011.

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 inability of 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.

R. Plan shall mean the Corporation's 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), (ii) on or after his attainment of age sixty (60) with at least twenty-five (25) years of service, or (iii) 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 the 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.

SCHEDULE I

PERFORMANCE OBJECTIVE

One hundred percent (100%) of the Restricted Stock Units shall vest on February 22, 2013, provided (i) the Participant continues in Service until February 22, 2013 and (ii) the realization of "Cumulative Koppers Value Added" of \$ \_\_\_\_\_ over the two (2)-year period measured from January 1, 2010 to December 31, 2011 (the "Measurement Period").

The actual number of Restricted Stock Units to vest on February 22, 2013 (provided Participant continues in Service until February 22, 2013) shall be determined in accordance with the following chart:

<u>Performance Level</u>	<u>Performance % of Target</u>	<u>Cumulative Koppers Value Added</u>	<u>% of Restricted Stock Units Vesting</u>
Outstanding	120% or more	\$ _____	150%
Target	100%	\$ _____	100%
Threshold	80%	\$ _____	50%
Below Threshold	less than 80%		0%

If the Corporation's performance falls within the range of the Threshold and Target and the Target and Outstanding achievement levels, then the number of Restricted Stock Units will be calculated based on a linear interpolation between the 80% and 100% levels and the 100% and the 120% levels, respectively.

The term, "Cumulative Koppers Value Added" shall mean the cumulative Koppers Value Added over the Measurement Period as set forth in the above table in the row entitled "Target" (i.e., \$ \_\_\_\_\_).

The term "Koppers Value Added" shall mean the Corporation's earnings before the deduction of interest and taxes minus a capital charge of 15% times the amount of capital committed to the Corporation, subject to such exclusions as may be approved by the Corporations' Management Development and Compensation Committee in its discretion.

## KOPPERS HOLDINGS INC.

**NOTICE OF GRANT OF STOCK OPTION**

Notice is hereby given of the following option grant (the "Option") to purchase shares of the Common Stock of Koppers Holdings Inc. (the "Corporation"):

Optionee:

Grant Date:

Vesting Commencement Date:

Exercise Price:

Number of Option Shares:

Expiration Date:

Type of Option:     Incentive Stock Option  
                           Non-Statutory Stock Option

Exercise Schedule: The Option shall become exercisable for all of the Option Shares upon Optionee's completion of a consecutive three (3)-year period of Service measured from the Vesting Commencement Date. However, one or more Option Shares may be subject to accelerated vesting in accordance with Section 6 of the Stock Option Agreement. In no event shall the Option become exercisable for any additional Option Shares after Optionee's cessation of Service.

Optionee understands and agrees that the Option is granted subject to and in accordance with the terms of the Koppers Holdings Inc. 2005 Long Term Incentive Plan (the "Plan"). Optionee further agrees to be bound by the terms of the Plan and the terms of the Option as set forth in the Stock Option Agreement attached hereto as Exhibit A. Optionee hereby acknowledges the receipt of a copy of the official prospectus for the Plan in the form attached hereto as Exhibit B. A copy of the Plan is available upon request made to the Corporate Secretary at the Corporation's principal offices.

Employment at Will. Nothing in this Notice or in the attached Stock Option Agreement or in the Plan shall confer upon Optionee 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 Optionee) or of Optionee, which rights are hereby expressly reserved by each, to terminate Optionee'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 the Participant.

Definitions. All capitalized terms in this Notice shall have the meaning assigned to them in this Notice or in the attached Stock Option Agreement.

**KOPPERS HOLDINGS INC.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
**OPTIONEE**

Address: \_\_\_\_\_

\_\_\_\_\_

**ATTACHMENTS**

**Exhibit A - Stock Option Agreement**

**Exhibit B - Plan Prospectus**



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**EXHIBIT A**

**STOCK OPTION AGREEMENT**

**KOPPERS HOLDINGS INC.**  
**STOCK OPTION AGREEMENT**

**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. Optionee 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 grant of an option to Optionee.

C. All capitalized terms in this Agreement shall have the meaning assigned to them in the attached Appendix.

NOW, THEREFORE, it is hereby agreed as follows:

1. Grant of Option. The Corporation hereby grants to Optionee, as of the Grant Date, an option to purchase up to the number of Option Shares specified in the Grant Notice. The Option Shares shall be purchasable from time to time during the option term specified in Paragraph 2 at the Exercise Price.

2. Option Term. This option shall have a maximum term of ten (10) years measured from the Grant Date and shall accordingly expire at the close of business on the Expiration Date, unless sooner terminated in accordance with Paragraph 5, 6 or 11.

3. Limited Transferability.

(a) This option shall be neither transferable nor assignable by Optionee other than by will or the laws of inheritance following Optionee's death and may be exercised, during Optionee's lifetime, only by Optionee. However, Optionee may designate one or more persons as the beneficiary or beneficiaries of this option, and this option shall, in accordance with such designation, automatically be transferred to such beneficiary or beneficiaries upon the Optionee's death while holding this option. Such beneficiary or beneficiaries shall take the transferred option subject to all the terms and conditions of this Agreement, including (without limitation) the limited time period during which this option may, pursuant to Paragraph 5, be exercised following Optionee's death.

(b) If this option is designated a Non-Statutory Option in the Grant Notice, then this option may be assigned in whole or in part during Optionee's lifetime to one or more of the Optionee's Family Members or to a trust established for the exclusive benefit of Optionee and/or one or more such Family Members, to the extent such assignment is in connection with the Optionee's estate plan or pursuant to a domestic relations order. The assigned portion shall be exercisable only by the person or persons who acquire a proprietary interest in the option pursuant to such assignment. The terms applicable to the assigned portion shall be the same as those in effect for this option immediately prior to such assignment.

4. Dates of Exercise. This option shall become exercisable for the Option Shares in one or more installments in accordance with the Exercise Schedule set forth in the Grant Notice. As the option becomes exercisable for such installments, those installments shall accumulate, and the option shall remain exercisable for the accumulated installments until the Expiration Date or sooner termination of the option term under Paragraph 5, 6 or 11.

5. Cessation of Service. The option term specified in Paragraph 2 shall terminate (and this option shall cease to be outstanding) prior to the Expiration Date should any of the following provisions become applicable:

(a) Except as otherwise provided in subparagraphs (b), (c), (d), (e) and (h) of this Paragraph 5, should Optionee cease to remain in Service for any reason while this option is outstanding, then Optionee (or any person or persons to whom this option is transferred pursuant to a permitted transfer under Paragraph 3) shall have a ninety (90)-day period measured from the date of such cessation of Service during which to exercise this option, but in no event shall this option be exercisable at any time after the Expiration Date.

(b) Should Optionee cease to remain in Service due to Optionee's voluntary resignation while this option is outstanding, then Optionee (or any person or persons to whom this option is transferred pursuant to a permitted transfer under Paragraph 3) shall have a thirty (30)-day period measured from the date of such cessation of Service during which to exercise this option, but in no event shall this option be exercisable at any time after the Expiration Date.

(c) Should Optionee die while this option is outstanding, then this option may be exercised by (i) the personal representative of Optionee's estate or (ii) the person or persons to whom the option is transferred pursuant to Optionee's will or the laws of inheritance following Optionee's death or to whom the option is transferred during Optionee's lifetime pursuant to a permitted transfer under Paragraph 3, as the case may be. However, if Optionee dies while holding this option and has an effective beneficiary designation in effect for this option at the time of his or her death, then the designated beneficiary or beneficiaries shall have the exclusive right to exercise this option following Optionee's death. Any such right to exercise this option shall lapse, and this option shall cease to be outstanding, upon the earlier of (i) the expiration of the twelve (12)-month period measured from the date of Optionee's death or (ii) the Expiration Date.

(d) Should Optionee cease Service by reason of Permanent Disability while this option is outstanding, then Optionee (or any person or persons to whom this option is transferred pursuant to a permitted transfer under Paragraph 3) shall have a twelve (12)-month period measured from the date of such cessation of Service during which to exercise this option. In no event shall this option be exercisable at any time after the Expiration Date.

(e) Should Optionee cease Service by reason of Retirement while this option is outstanding, then Optionee (or any person or persons to whom this option is transferred pursuant to a permitted transfer under Paragraph 3) shall have a three (3)-year period measured from the date of Optionee's Retirement during which to exercise this option. In no event shall this option be exercisable at any time after the Expiration Date.

(f) The applicable period of post-Service exercisability in effect pursuant to the foregoing provisions of this Paragraph 5 shall automatically be extended by an additional period of time equal in duration to any interval within such post-Service exercise period during which the exercise of this option or the immediate sale of the Option Shares acquired under this option cannot be effected in compliance with applicable federal and state securities laws, but in no event shall such an extension result in the extension of this option beyond the Expiration Date.

(g) During the limited period of post-Service exercisability, this option may not be exercised in the aggregate for more than the number of Option Shares for which this option is, at the time of Optionee's cessation of Service, vested and exercisable pursuant to the Exercise Schedule specified in the Grant Notice or the special vesting acceleration provisions of Paragraph 6. This option shall not vest or become exercisable for any additional Option Shares, whether pursuant to the normal Exercise Schedule specified in the Grant Notice or the special vesting acceleration provisions of Paragraph 6, following the Optionee's cessation of Service, except to the extent (if any) specifically authorized by the Plan Administrator pursuant to an express written agreement with the Optionee. Upon the expiration of such limited exercise period or (if earlier) upon the Expiration Date, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

(h) Should Optionee's Service be terminated for Misconduct or should Optionee otherwise engage in any Misconduct while this option is outstanding, then this option shall terminate immediately and cease to remain outstanding.

#### 6. Special Acceleration of Option.

(a) Should the Optionee's Service terminate by reason of his or her Retirement, death or Permanent Disability, then the Optionee shall immediately vest in the additional number of Option Shares (if any) in which the Optionee would have been vested at the time of such termination had the Option Shares vested in a series of thirty-six (36) successive equal monthly installments over the duration of the Exercise Schedule.

(b) This option, to the extent outstanding at the time of a Change in Control but not otherwise fully exercisable, shall automatically accelerate so that this option shall, immediately prior to the effective date of such Change in Control, become exercisable for all of the Option Shares at the time subject to this option and may be exercised for any or all of those Option Shares as fully vested shares of Common Stock. However, this option shall *not* become exercisable on such an accelerated basis, if and to the extent: (i) this option is to be assumed by the successor corporation (or parent thereof) or is otherwise to be continued in full force and effect pursuant to the terms of the Change in Control transaction or (ii) this option is to be replaced with a cash retention program of the successor corporation which preserves the spread existing at the time of the Change in Control on any Option Shares for which this option is not otherwise at that time exercisable (the excess of the Fair Market Value of those Option Shares over the aggregate Exercise Price payable for such shares) and provides for subsequent payout of that spread in accordance with the same Exercise Schedule for those Option Shares as set forth in the Grant Notice.

(c) Immediately following the Change in Control, this option shall terminate and cease to be outstanding, except to the extent assumed by the Successor Corporation (or parent thereof) or otherwise continued in effect pursuant to the terms of the Change in Control transaction.

(d) If this option is assumed in connection with a Change in Control or otherwise continued in effect, then this option shall be appropriately adjusted, immediately after such Change in Control, to apply to the number and class of securities into which the shares of Common Stock subject to this option would have been converted in consummation of such Change in Control had those shares actually been outstanding at the time. Appropriate adjustments shall also be made to the Exercise Price, provided the aggregate Exercise Price shall remain the same. To the extent the actual holders of the Corporation's outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation may, in connection with the assumption or continuation of this option, 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 such Change in Control, provided such common stock is readily tradable on an established U.S. securities exchange or market.

(e) In the event the Optionee's Service is involuntarily terminated for reasons other than Misconduct within twenty-four (24) months following a Change in Control transaction which does not result in the accelerated vesting of this option pursuant to the provisions of subparagraph (b) of this Paragraph 6, then the option (as assumed or continued in effect) shall automatically vest in full on an accelerated basis so that such option shall immediately become exercisable for all the Option Shares as fully-vested shares and may be exercised for any or all of those Option Shares as vested shares.

(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.

7. Adjustment in Option Shares. In the event of any of the following transactions affecting the outstanding 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 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 (i) the total number and/or class of securities subject to this option and (ii) the Exercise Price 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.

8. Stockholder Rights. The holder of this option shall not have any stockholder rights with respect to the Option Shares until such person shall have exercised the option, paid the Exercise Price and become a holder of record of the purchased shares.

9. Manner of Exercising Option.

(a) In order to exercise this option with respect to all or any part of the Option Shares for which this option is at the time exercisable, Optionee (or any other person or persons exercising the option) must take the following actions:

(i) Execute and deliver to the Corporation a Notice of Exercise for the Option Shares for which the option is exercised or comply with such other procedures as the Corporation may establish for notifying the Corporation of the exercise of this option for one or more Option Shares.

(ii) Pay the aggregate Exercise Price for the purchased shares in one or more of the following forms:

(A) cash or check made payable to the Corporation;

(B) shares of Common Stock valued at Fair Market Value on the Exercise Date and held by Optionee (or any other person or persons exercising the option) for any required period necessary to avoid a charge to the Corporation's earnings for financial reporting purposes; or

(C) through a special sale and remittance procedure pursuant to which Optionee (or any other person or persons exercising the option) shall concurrently provide irrevocable instructions (i) to a brokerage firm (reasonably satisfactory to the Corporation for purposes of administering such procedure in accordance with the Corporation's pre-clearance/pre-notification policies) to effect the immediate sale of the purchased shares and remit to the Corporation, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate Exercise Price payable for the purchased shares plus all applicable income and employment taxes required to be withheld by the Corporation by reason of such exercise and (ii) to the Corporation to deliver the certificates (which may be in electronic form) for the purchased shares directly to such brokerage firm on such settlement date in order to complete the sale.

Except to the extent the sale and remittance procedure is utilized in connection with the option exercise, payment of the Exercise Price must accompany the Notice of Exercise (or other notification procedure) delivered to the Corporation in connection with the option exercise.

(iii) Furnish to the Corporation appropriate documentation that the person or persons exercising the option (if other than Optionee) have the right to exercise this option.

(iv) Make appropriate arrangements with the Corporation (or Parent or Subsidiary employing or retaining Optionee) for the satisfaction of all applicable income and employment tax withholding requirements applicable to the option exercise.

(b) As soon as practical after the Exercise Date, the Corporation shall issue to or on behalf of Optionee (or any other person or persons exercising this option) a certificate (which may be in electronic form) for the purchased Option Shares, with the appropriate legends affixed thereto.

(c) In no event may this option be exercised for any fractional shares.

10. Compliance with Laws and Regulations.

(a) The exercise of this option and the issuance of the Option Shares upon such exercise shall be subject to compliance by the Corporation and Optionee 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 exercise and issuance.

(b) The inability of the Corporation to obtain approval from any regulatory body having authority deemed by the Corporation to be necessary to the lawful issuance and sale of any Common Stock pursuant to this option shall relieve the Corporation of any liability with respect to the non-issuance or sale of the Common Stock as to which such approval shall not have been obtained. The Corporation, however, shall use commercially reasonable efforts to obtain all such approvals.

11. Additional Conditions.

(a) The Corporation may cancel this option, and the Optionee shall thereupon cease to have any further right to acquire any shares of Common Stock under such cancelled option, at any time the Optionee 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 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.

(b) Notwithstanding any other provision of the Plan or this Agreement, the Plan Administrator in its sole discretion may cancel this option at any time prior to the exercise thereof, if the employment of the Optionee shall be terminated, other than by reason of death, unless the conditions in this Section 11 are met.

(c) Failure to comply with the conditions of this Section 11 prior to, or during the six months after, any exercise of this option shall cause the exercise to be rescinded. The Corporation shall notify the Optionee in writing of any such rescission within two (2) years after such exercise and within ten (10) days after receiving such notice, the Optionee shall pay to the Corporation the amount of any gain realized or payment received as a result of the exercise rescinded. Such payment shall be made either in cash or by returning to the Corporation the number of shares that the Optionee received in connection with the rescinded exercise.

(d) Upon exercise of this option, the Plan Administrator may require the Optionee to certify on a form acceptable to the Plan Administrator, that the Optionee is in compliance with the terms and conditions of the Plan and this Agreement.

12. Successors and Assigns. Except to the extent otherwise provided in Paragraphs 3 and 6, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Corporation and its successors and assigns and Optionee, Optionee's assigns, the legal representatives, heirs and legatees of Optionee's estate and any beneficiaries of this option designated by Optionee.

13. Notices. Any notice required to be given or delivered to the Secretary of the Corporation under the terms of this Agreement shall be in writing and addressed to the Corporation at its principal corporate office at 436 Seventh Avenue, Pittsburgh, PA 15219. Any notice required to be given or delivered to Optionee shall be in writing and addressed to Optionee at the address indicated below Optionee's signature line on the Grant Notice. All notices shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.



14. Construction. This Agreement and the option 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 this option.

15. 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.

16. Excess Shares. If the Option Shares covered by this Agreement exceed, as of the Grant Date, the number of shares of Common Stock which may without stockholder approval be issued under the Plan, then this option shall be void with respect to those excess shares, unless stockholder approval of an amendment sufficiently increasing the number of shares of Common Stock issuable under the Plan is obtained in accordance with the provisions of the Plan. In no event shall the Option be exercisable with respect to any of the excess Option Shares unless and until such stockholder approval is obtained.

17. Additional Terms Applicable to an Incentive Option. In the event this option is designated an Incentive Option in the Grant Notice, the following terms and conditions shall also apply to the grant:

(a) This option shall cease to qualify for favorable tax treatment as an Incentive Option if (and to the extent) this option is exercised for one or more Option Shares: (A) more than three (3) months after the date Optionee ceases to be an Employee for any reason other than death or Permanent Disability or (B) more than twelve (12) months after the date Optionee ceases to be an Employee by reason of Permanent Disability.

(b) No installment under this option shall qualify for favorable tax treatment as an Incentive Option if (and to the extent) the aggregate Fair Market Value (determined at the Grant Date) of the Common Stock for which such installment first becomes exercisable hereunder would, when added to the aggregate value (determined as of the respective date or dates of grant) of the Common Stock or other securities for which this option or any other Incentive Options granted to Optionee prior to the Grant Date (whether under the Plan or any other option plan of the Corporation or any Parent or Subsidiary) first become exercisable during the same calendar year, exceed One Hundred Thousand Dollars (\$100,000) in the aggregate. Should such One Hundred Thousand Dollar (\$100,000) limitation be exceeded in any calendar year, this option shall nevertheless become exercisable for the excess shares in such calendar year as a Non-Statutory Option.

(c) Should the exercisability of this option be accelerated upon a Change in Control, then this option shall qualify for favorable tax treatment as an Incentive Option only to the extent the aggregate Fair Market Value (determined at the Grant Date) of the Common Stock for which this option first becomes exercisable in the calendar year in which the Change in Control transaction occurs does not, when added to the aggregate value (determined as of the respective date or dates of grant) of the Common Stock or other securities for which this option or one or more other Incentive Options granted to Optionee prior to the Grant Date (whether under the Plan or any other option plan of the Corporation or any Parent or Subsidiary) first become exercisable during the same calendar year, exceed One Hundred Thousand Dollars (\$100,000) in the aggregate. Should the applicable One Hundred Thousand Dollar (\$100,000) limitation be exceeded in the calendar year of such Change in Control, the option may nevertheless be exercised for the excess shares in such calendar year as a Non-Statutory Option.

(d) Should Optionee hold, in addition to this option, one or more other options to purchase Common Stock which become exercisable for the first time in the same calendar year as this option, then for purposes of the foregoing limitations on the exercisability of such options as Incentive Options, this option and each of those other options shall be deemed to become first exercisable in that calendar year, on the basis of the chronological order in which such options were granted, except to the extent otherwise provided under applicable law or regulation.

## APPENDIX

The following definitions shall be in effect under the Agreement:

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 Administrator.

B. Agreement shall mean this Stock Option Agreement.

C. Board shall mean the Corporation's Board of Directors.

D. 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 Company 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.

E. Code shall mean the Internal Revenue Code of 1986, as amended.

F. Common Stock shall mean shares of the Corporation's common stock.

G. 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.

H. 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.

I. Exercise Date shall mean the date on which the option shall have been exercised in accordance with Paragraph 9 of the Agreement.

J. Exercise Price shall mean the exercise price per Option Share as specified in the Grant Notice.

K. Exercise Schedule shall mean the schedule set forth in the Grant Notice pursuant to which the option is to become exercisable for the Option Shares in one or more installments over the Optionee's period of Service.

L. Expiration Date shall mean the date on which the option expires as specified in the Grant Notice.

M. 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.

N. Family Member shall mean any of the following members of the Optionee's family: any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law.

O. Grant Date shall mean the date of grant of the option as specified in the Grant Notice.

P. Grant Notice shall mean the Notice of Grant of Stock Option accompanying the Agreement, pursuant to which Optionee has been informed of the basic terms of the option evidenced hereby.

Q. Incentive Option shall mean an option which satisfies the requirements of Code Section 422.

R. Misconduct shall mean the commission of any act of fraud, embezzlement or dishonesty by Optionee, any unauthorized use or disclosure by Optionee of confidential information or trade secrets of the Corporation (or any Parent or Subsidiary), or any other intentional misconduct by Optionee 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 Optionee 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.

S. Non-Statutory Option shall mean an option not intended to satisfy the requirements of Code Section 422.

T. Notice of Exercise shall mean the notice of option exercise in the form prescribed by the Corporation.

U. Option Shares shall mean the number of shares of Common Stock subject to the option as specified in the Grant Notice.

V. Optionee shall mean the person to whom the option is granted as specified in the Grant Notice.

W. 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.

X. Permanent Disability shall mean the inability of Optionee 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.

Y. Plan shall mean the Corporation's 2005 Long Term Incentive Plan.

Z. Plan Administrator shall mean the committee(s) designated by the Board to administer the Plan.

AA. Retirement shall mean the Participant's voluntary termination from Service (i) on or after his attainment of age sixty five (65), (ii) on or after his attainment of age sixty (60) with at least twenty-five (25) years of service, or (iii) 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 the 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 the Participant is eligible to receive a benefit under such plan).

BB. Service shall mean the Optionee's performance of services for the Corporation (or any Parent or Subsidiary, whether now existing or subsequently established) by a person in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor. However, the Optionee shall be deemed to cease Service immediately upon the occurrence of either of the following events: (i) the Optionee no longer performs services in any of the foregoing capacities for the Corporation or any Parent or Subsidiary or (ii) the entity for which the Optionee is performing such services ceases to remain a Parent or Subsidiary of the Corporation, even though the Optionee 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 should such leave of absence exceed three (3) months, then for purposes of determining the period within which the option may be exercised as an Incentive Stock Option under the federal tax laws (if the option is designated as such in the Grant Notice), the Optionee's Service shall be deemed to cease on the first day immediately following the expiration of such three (3)-month period, unless the Optionee is provided, either by statute or by written contract, with the right to return to Service following such leave. 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 the Optionee is on a leave of absence.

CC. Stock Exchange shall mean the American Stock Exchange, the Nasdaq Global Market or the New York Stock Exchange.

DD. 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.

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**EXHIBIT B**

**PLAN PROSPECTUS**

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

	2005	2006	2007	2008	2009	Three months ended March 31, 2010
<b>Earnings:</b>						
Income from continuing operations before taxes	\$18.2	\$18.6	\$ 79.5	\$ 90.0	\$ 35.5	\$ 11.6
Deduct: Equity earnings net of dividends	0.1	(0.3)	(0.2)	(0.6)	(0.8)	—
Deduct: Pre-tax income of noncontrolling interests	2.7	1.9	3.1	0.8	3.4	0.2
Add: Fixed charges	59.7	69.4	55.5	53.5	71.6	10.2
Earnings as defined	\$75.1	\$86.4	\$132.1	\$143.3	\$104.5	\$ 21.6
<b>Fixed charges:</b>						
Interest expensed	\$51.7	\$61.3	\$ 45.9	\$ 41.4	\$ 58.7	\$ 6.9
Interest capitalized	—	0.2	0.3	—	—	—
Other	—	—	—	0.4	0.5	—
Rents	25.7	26.1	31.1	39.0	41.5	10.8
Interest factor	31%	31%	31%	31%	31%	31%
Estimated interest component of rent	8.0	8.1	9.6	12.1	12.9	3.3
Total fixed charges	\$59.7	\$69.6	\$ 55.8	\$ 53.9	\$ 72.1	\$ 10.2
<b>Ratio of earnings to fixed charges</b>	<b>1.26</b>	<b>1.24</b>	<b>2.37</b>	<b>2.66</b>	<b>1.45</b>	<b>2.11</b>
Preference dividends	\$29.0	\$ —	\$ —	\$ —	\$ —	\$ —
Ratio of pre-tax income to net income	1.72	—	—	—	—	—
Preferred dividend factor	\$49.9	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Ratio of earnings to combined fixed charges and preference dividends</b>						
(1)	—	1.24	2.37	2.66	1.45	2.11

(1) Earnings were insufficient to cover combined fixed charges and preference dividends by and \$34.5 million in 2005.



## CERTIFICATIONS

I, Walter W. Turner, certify that:

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

Date: May 10, 2010

/s/ WALTER W. TURNER

Walter W. Turner

President and Chief Executive Officer

## CERTIFICATIONS

I, Brian H. McCurrie, certify that:

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

Date: May 10, 2010

/s/ BRIAN H. MCCURRIE

Brian H. McCurrie

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 Quarterly Report of Koppers Holdings Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies in his capacity as an officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

May 10, 2010

/s/ BRIAN H. MCCURRIE  
Brian H. McCurrie  
Chief Financial Officer

May 10, 2010