



14

A N N U A L R E P O R T



Building Strength Through
Diversity



Financial Highlights

Years Ended December 31 2014 2013 2012
(In millions, except share, per share and employee amounts)

Operating Performance

| | | | |
|---|------------------|-----------|-----------|
| Net Sales | \$1,555.0 | \$1,478.3 | \$1,555.0 |
| Operating Profit | 33.2 | 100.3 | 126.6 |
| (Loss) Income from Continuing Operations | (40.0) | 40.2 | 67.3 |
| Net (Loss) Income Attributable to Koppers | (32.4) | 40.4 | 65.6 |
| Diluted (Loss) Earnings per Share—Continuing Operations | (1.61) | 1.94 | 3.14 |

Financial Condition

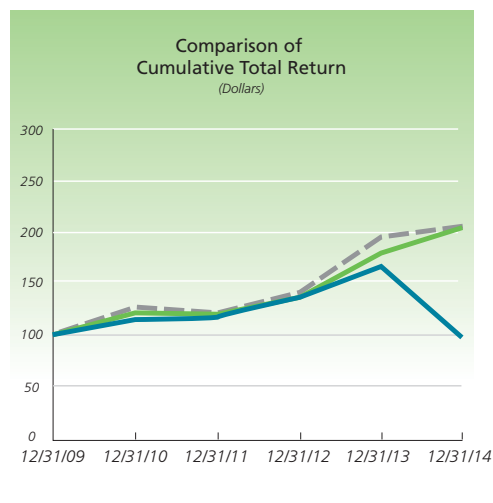
| | | | |
|---------------------------|------------------|---------|---------|
| Total Assets | \$1,293.9 | \$784.9 | \$780.0 |
| Total Debt | 850.5 | 303.1 | 296.1 |
| Cash and Cash Equivalents | 51.1 | 82.2 | 66.7 |

Other Data

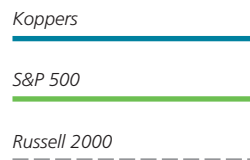
| | | | |
|----------------------|---------------|--------|--------|
| Capital Expenditures | \$83.8 | \$72.9 | \$28.9 |
| Number of Employees | 2,142 | 1,589 | 1,660 |

Stock Information

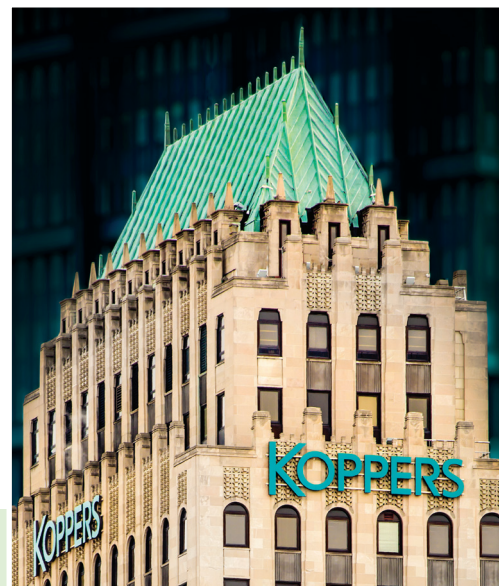
| | | | |
|-----------------------------|----------------|---------|---------|
| Market Price per Share—High | \$45.51 | \$49.99 | \$40.61 |
| Market Price per Share—Low | 22.52 | 34.69 | 29.30 |
| Dividends per Share | 1.00 | 1.00 | 0.96 |
| Shares Outstanding (000s) | 20,495 | 20,332 | 20,634 |



| Value at | 12/31/09 | 12/31/10 | 12/31/11 | 12/31/12 | 12/31/13 | 12/31/14 |
|--------------|----------|----------|----------|----------|----------|----------|
| Koppers | \$100.00 | \$121.52 | \$119.59 | \$136.43 | \$167.61 | \$97.57 |
| S&P 500 | \$100.00 | \$115.06 | \$117.48 | \$136.28 | \$180.42 | \$205.12 |
| Russell 2000 | \$100.00 | \$126.85 | \$121.55 | \$141.42 | \$196.32 | \$205.92 |



Set forth above are a line graph and table comparing the cumulative total returns (assuming reinvestment of dividends) during the period commencing December 31, 2009 and ending December 31, 2014, of \$100 invested in each of Koppers Holdings Inc.'s common stock, the Standard & Poor's 500 Index, and the Russell 2000 Index. Because our competitors are principally privately held concerns or subsidiaries or divisions of corporations engaged in multiple lines of business, we do not believe it is feasible to construct a peer group industry comparison. The Russell 2000 Index, which includes corporations both larger and smaller than Koppers Holdings Inc., is composed of corporations with an average market capitalization similar to ours.



KOPPERS World Headquarters
Pittsburgh, Pennsylvania, USA



To Our Shareholders,

As I write my first shareholder letter to you as president and CEO of Koppers, I would like to begin by recognizing my predecessor, Walt Turner, for his dedicated and exemplary service over his forty-five years at Koppers, including 16 years as president and CEO. When Walt ascended to the top leadership post in February 1998, Koppers was a \$600 million U.S. based private company that still had coking operations and an equal split of business between the Carbon Materials and Chemicals (CMC) and Railroad and Utility Products and Services (RUPS) segments. When Walt retired at the end of last year, the company finished as a \$1.6 billion global public company with almost half of its sales outside of the U.S. and a new Performance Chemicals (PC) business to help balance the business portfolio, adding to the company's diversity. It would take much more than this shareholder letter to list all of Walt's accomplishments over that time, so I will just stop there and simply say "Thank you." Walt will remain on our Board to provide advice and insight from his deep and valuable experience in the industries where we operate, and I look forward to his continued contributions. I also owe a thank you to our independent directors for selecting me to succeed Walt. The Board's confidence in my ability to lead the company through these challenging times is greatly appreciated, and I look forward to an even closer working relationship in the future.

Looking at 2014 strictly from a numbers standpoint paints a disappointing picture. However, a net loss attributable to Koppers of \$32.4 million and a diluted loss per common share of \$1.58 need to be viewed in the proper context to understand how the areas contributing to the net loss will help to build a stronger future for Koppers.

First, the company incurred just under \$35 million of pre-tax expense in 2014 (of which approximately \$9 million was non-cash) toward restructuring the global CMC business. However, that is just the beginning as we move toward shrinking our operations footprint in this business segment to better align with how our global end-markets have evolved

over the past five years. Early in 2014, we were involved in operating nine coal tar distillation facilities globally. By the end of 2017, that number could be down to as few as five. When that consolidation is complete, we expect to be operating at utilization rates much closer to 85% and our lower fixed costs will allow us to be much more competitive across all markets. It will be a simpler business model that will substantially reduce our risk profile in China as well as from an overall environmental perspective.

Second, we made a significant acquisition in August of 2014, spending \$467 million (net of cash acquired) to acquire the wood treatment preservative and railroad structures businesses of Osmose Holdings, Inc. Adding these two businesses to our portfolio both strengthens businesses that we are already in and adds diversity to the overall business portfolio. This should help to reduce the impact on our results from our CMC business segment, which is more sensitive to changes in economic conditions. Including due diligence, integration, and non-recurring inventory amortization charges, we incurred close to \$19 million of expense in 2014 on the Osmose transaction. Most of the integration work has been completed and the vast majority of the charges are behind us. In addition, 2015 should bring a full year of the estimated \$400 million in sales that we acquired as well as \$9 million of the \$12 million of synergies that we identified through our due diligence process.

The third and final significant contributor to 2014 results that will actually build a brighter future for Koppers involves our income tax expense. In 2014, we recognized approximately \$34 million of income tax expense on a pre-tax loss of just under \$6 million. Approximately \$24 million of that was related to the legal reorganization that was put into effect at year-end that required us to recapture certain foreign tax losses. The upside is that the reorganization will substantially lower our effective tax rate to 35% or less while also providing substantial cash tax and foreign cash repatriation benefits. Our tax rate has fluctuated significantly over the past several years as we operated under a less than optimal structure.

As we move into 2015, my focus is going to be on building a stronger and more stable Koppers that delivers sustainable profitable growth, thereby increasing shareholder value. We will do that by focusing our efforts in three broad areas.

The first is reducing our leverage through the generation of cash to pay down debt. We finished 2014 with total debt of approximately \$851 million. This puts us at a debt to adjusted EBITDA ratio of close to five times as calculated for debt

covenant purposes, limiting our flexibility in the near-term to both restructure and grow the business. We have to create room to operate more freely, so we have targeted debt reduction of \$100 to \$125 million each year over the next two years. This will move us closer to our longer-term goal of reducing our leverage to three times debt to adjusted EBITDA.

The second area of focus is de-emphasizing the CMC business. The industries that we serve from that business segment have evolved while we have been slow to change. The good news is that I believe a return to respectability for the CMC business is probably our lowest hanging fruit, and we want to take advantage of that as quickly as possible. While at this point we are not expecting to exit this segment, it will not be the linchpin of our growth strategy moving forward. In fact, it is not outside the realm of probability that this business could be a third of our overall sales within a three-year time frame.

The third area of focus is building sustaining systems in our RUPS and PC segments that instill a culture of continuous improvement so that when factors that drive those businesses turn against them, they are creating opportunities to offset those challenges and avoid the deeper troughs that our CMC business has endured over the past several years. There is no better time to look for opportunities than when a business is performing well. We cannot be complacent and accept the market forces that are outside our control without some counter balancing actions. We will build those plans now in order to be prepared for any downturns.

Overlaying all of that will be a recommitment to a world-class safety, health, and environmental culture. We will aspire to a goal of zero harm to our people, the environment, and the communities in which we operate. That will be realized only through a change in our behaviors that begins with me. It is my belief that once we are all truly living the culture, it will influence other behaviors that help us achieve our near-term and longer-term objectives.

Finally, I would like to thank our shareholders for their patience and confidence in Koppers as we navigate through the challenges that we are currently facing. It is my firm intention to make the tough but necessary decisions that are required to put Koppers back on the path to becoming the profitable, successful company that it was just a short period of time ago. Walt set the wheels in motion during 2014, and I will continue to carry the message of positive change forward. Our future is a bright one, and I look forward to leading the company during our continued evolution.

Sincerely,



Leroy M. Ball
President and Chief Executive Officer

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

FORM 10-K

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

For the fiscal year ended December 31, 2014

Commission file number 1-32737

KOPPERS HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Pennsylvania
(State of incorporation)

20-1878963
(IRS Employer Identification No.)

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

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

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

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

New York Stock Exchange
Name of Exchange on which registered

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

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

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

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

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

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

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

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

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

The aggregate market value of Common Stock held by non-affiliates of the registrant, based on the closing sales price of the Common Stock on the New York Stock Exchange on June 30, 2014 was \$765.3 million (affiliates, for this purpose, have been deemed to be Directors and executive officers of Koppers Holdings Inc.).

As of January 31, 2015, 20,495,011 shares of Common Stock of the registrant were issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2015 Annual Meeting of Shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

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FORWARD-LOOKING INFORMATION

This report and the documents incorporated herein by reference contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and may include, but are not limited to, statements about sales levels, restructuring, profitability and anticipated expenses and cash outflows. All forward-looking statements involve risks and uncertainties. All statements contained herein that are not clearly historical in nature are forward-looking, and words such as “believe”, “anticipate”, “expect”, “estimate”, “may”, “will”, “should”, “continue”, “plans”, “intends”, “likely” or other similar words or phrases are generally intended to identify forward-looking statements. Any forward-looking statement contained herein, in press releases, written statements or other documents filed with the SEC, or in our communications with and discussions with investors and analysts in the normal course of business through meetings, phone calls and conference calls are subject to known and unknown risks, uncertainties and contingencies. Many of these risks, uncertainties and contingencies are beyond our control, and may cause actual results, performance or achievements to differ materially from anticipated results, performance or achievements. Factors that might affect such forward-looking statements include, among other things:

- Koppers may not be able to successfully integrate the wood preservatives business and/or the railroad services business of Osmose Holdings, Inc. or such integration may take longer to accomplish than expected;
- the expected cost savings and any synergies from the Osmose acquisition may not be fully realized within the expected timeframes;
- disruption from the Osmose acquisition may make it more difficult to maintain relationships with clients, associates, or suppliers;
- impact of changes in commodity prices, such as oil and copper, on product margins;
- general economic and business conditions;
- demand for Koppers goods and services;
- competitive conditions in the industries in which we operate;
- interest rate and foreign currency rate fluctuations;
- potential difficulties in protecting intellectual property;
- the ratings on our debt and our ability to repay or refinance our outstanding indebtedness as it matures;
- our ability to operate within the limitations of our debt covenants;
- interest rate fluctuations and other changes in borrowing costs;
- other capital market conditions, including foreign currency rate fluctuations;
- availability of and fluctuations in the prices of key raw materials, including coal tar, timber and scrap copper;
- economic and political conditions in international markets, including governmental changes and restrictions on the ability to transfer capital across countries;
- potential impairment of our goodwill and/or long-lived assets;
- parties who are obligated to indemnify us for legal and environmental liabilities fail to perform under their legal obligations;
- changes in laws, including increased tax rates, regulations or accounting standards, third-party relations and approvals, and decisions of courts, regulators and governmental bodies;
- the effects of competition, including locations of competitors and operating and market competition;
- unfavorable resolution of litigation against us;
- the other factors set forth under “Risk Factors”.

We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward looking statements contained in this report and the documents incorporated by reference herein may not in fact occur. We undertake no obligation to publicly update or revise any forward looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

PART I

ITEM 1. BUSINESS

General

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

Koppers Holdings Inc. was incorporated in November 2004 as a holding company for Koppers Inc. We are a leading integrated global provider of carbon compounds, chemicals and treated wood products and services. Our products and services are used in a variety of niche applications in a diverse range of end-markets, including the aluminum, railroad, specialty chemical, utility, rubber, concrete, steel, residential lumber and agriculture industries. We serve our customers through a comprehensive global manufacturing and distribution network, with manufacturing facilities located in North America, South America, Australasia, China and Europe.

Acquisitions

Koppers Ashcroft—On January 20, 2014, we acquired the crosstie treating business and related manufacturing facility of Tolko Industries Ltd. located in Ashcroft, British Columbia, Canada. The purchase price was \$29.8 million and was funded primarily by available cash. This business is now part of our Railroad and Utility Products and Services (“RUPS”) segment.

Osmose—On August 15, 2014, KI completed the acquisition of the wood preservation and the railroad services businesses (the “Osmose Entities”) of Osmose Holdings, Inc. The aggregate cash purchase price for the Osmose Entities was \$494.1 million. Revenues for the Osmose Entities in 2013 were approximately \$390 million.

The majority of the wood preservation business is now known as Koppers Performance Chemicals. We believe that Koppers Performance Chemicals is the global leader in developing, manufacturing and marketing wood preservation chemicals and wood treatment technologies. The business has operations and sales in North America, South America, Europe, and Australasia, and accounted for approximately \$350 million of the revenue for the Osmose Entities in 2013. This business serves a diverse range of end-markets including infrastructure, residential and commercial construction, and agriculture. The wood preservation business includes approximately \$16 million of revenue related to a wood treating facility located in Houston, Texas that is now part of our RUPS segment.

The railroad services business is now known as Koppers Railroad Structures. We believe that Koppers Railroad Structures is a leading provider of railroad infrastructure services, including bridge inspection, engineering, maintenance and repair, and construction services for the Class I and shortline railroads in North America. The business accounted for approximately \$40 million of the revenue for the Osmose Entities in 2013 and is now a part of our RUPS segment.

Business Segments and Products

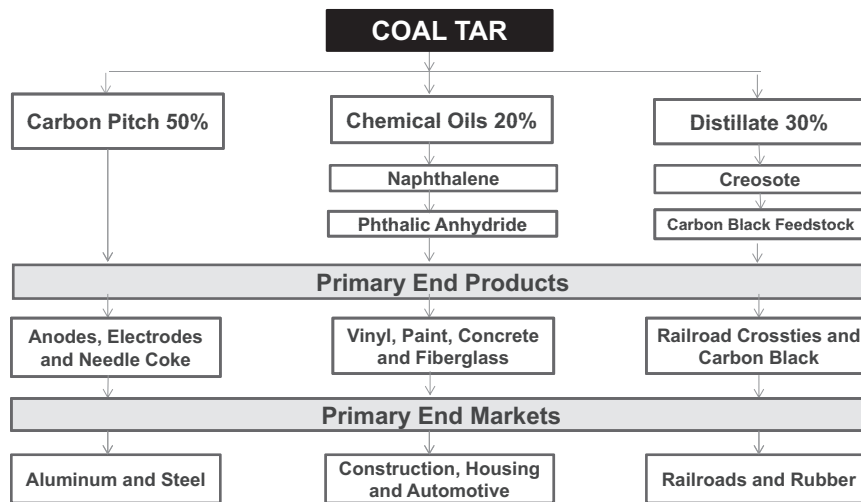
We operate three principal business segments: Carbon Materials and Chemicals, Railroad and Utility Products and Services, and Performance Chemicals.

Our operations are, to a substantial extent, vertically integrated. Through our Carbon Materials and Chemicals business, we process coal tar into a variety of products, including carbon pitch, creosote, carbon black feedstock, naphthalene and phthalic anhydride, which are intermediate materials necessary in the production of aluminum, the pressure treatment of wood, the production of carbon black for the rubber industry, the production of high-strength concrete, and the production of plasticizers and specialty chemicals, respectively. The majority of the creosote we produce in North America is sold internally to our Railroad and Utility Products and Services business for treating railroad crossties. We believe our three business segments command leading market positions. Through our Carbon Materials and Chemicals business, we believe we are the largest global supplier of carbon pitch to the aluminum industry. Through our Railroad and Utility Products and Services business, we believe that we are the largest supplier of railroad crossties to the North American railroads. Through our Performance Chemicals business, we

believe that we are the global leader in developing, manufacturing and marketing wood preservation chemicals and wood treatment technologies for use in pressure treating lumber for residential, industrial and agricultural applications.

Carbon Materials and Chemicals

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



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

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

Carbon Pitch

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

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

respective joint venture partners. These contracts are coterminous with the applicable joint venture arrangement and provide for formula-based pricing adjusted on a monthly or quarterly basis.

Naphthalene and Phthalic Anhydride

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

Creosote and Carbon Black Feedstock

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

Other Products

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

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

Railroad and Utility Products and Services

Our Railroad and Utility Products and Services business ("RUPS") sells treated and untreated wood products, rail joint bars and services primarily to the railroad markets in the United States and Canada and the utility market in Australia. We also produce concrete crossties, a complementary product to our wood treatment business, through a joint venture in the United States. We also operate a railroad services business that conducts engineering, design, repair and inspection services for railroad bridges, serving the same customer base as our railroad crossties business.

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

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

Hardwoods, such as oak and other species, are the major raw materials in wood crossties. Hardwood prices, which account for more than 50 percent of a finished crosstie's cost, fluctuate with the demand from other hardwood lumber markets, such as oak flooring, pallets and other specialty lumber products. For example, we have been impacted in our ability to acquire hardwood due to the demand for crane mats associated with the oil and gas industry. Weather conditions can be a factor in the supply of raw material, as unusually wet or inclement conditions may make it difficult to harvest timber.

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

We believe we are the largest supplier of railroad crossties in North America. We have one principal competitor, Stella-Jones Inc., and several smaller regional competitors in the North American market. Competitive factors in the railroad crosstie market include price, quality, location, service and security of supply. We believe we have a competitive advantage due to our national network of treating plants and direct access to our major customers' rail lines, which provide for security of supply and logistics advantages for our customers. We believe our Australian utility pole business is the largest producer of utility poles for the electrical communications utilities in Australia.

Our RUPS business' largest customer base is the North American Class I railroad market, which buys approximately 74 percent of all crossties produced in the United States and Canada. We also have relationships with many of the approximately 550 short-line and regional rail lines. This also forms the customer base for our rail joint bar products. The railroad crosstie market is a mature market with approximately 24 million replacement crossties (both wood and non-wood) purchased during 2014. We currently supply all seven of the North American Class I railroads and have contracts with all of them.

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

Utility poles are produced mainly from hardwoods of the eucalyptus species in Australia. Most of these poles are purchased from large timber owners and individual landowners and shipped to one of our pole-peeling facilities. In Australia, in addition to utility poles, we market smaller poles to the agricultural landscape and vineyard markets. We treat poles with a variety of preservatives, including pentachlorophenol and copper chrome arsenates.

Performance Chemicals

Our Performance Chemicals business ("PC") sells preservatives for residential and agricultural treated lumber that includes decking and fencing. This business supplies nine of the ten largest lumber treating companies in the U.S. and three of the four largest lumber treating companies in Canada. The primary products for this business are copper-based wood preservatives including micronized copper quaternary and micronized copper azole ("MicroPro"), alkaline copper quaternary, and chromated copper arsenate.

The products produced and sold by our PC business are sold primarily to wood treaters that use our products to produce treated lumber for decking, fencing, vineyards and various other applications. We have a research and development center located in Griffin, Georgia, with smaller research and development facilities located in the United Kingdom and New Zealand. Our PC business has been awarded patents on many of its products including MicroPro, which currently enjoys the leading market share in the North American residential treated lumber market.

We believe we are the largest global producer of wood preservation chemicals for use in treating lumber. Our PC business has operations in the United States, Europe, Canada, Australia and New Zealand. Additionally, there are sales offices in several countries including Brazil and Chile, which we believe will facilitate our ability to grow our railroad crosstie business in Latin America. Our key competitors in wood preservation chemicals include Lonza Wood Protection and Viance Treated Wood Solutions.

Equity Investments

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

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

Research and Development

Research activities related to our Carbon Materials and Chemicals business are directed toward new product development regarding alternate uses for coal tar and technical service efforts to promote the use of creosote and vacuum-distilled carbon pitch.

Research activities related to Performance Chemicals are conducted in Griffin, Georgia, Marlow, United Kingdom and Auckland, New Zealand. Intellectual property relating to our wood preservative business is very important to us. In particular, our patent portfolio relating to wood preservative compositions, and wood treatments, including methods of treating wood with wood preservative compositions comprising micronized-metal particles, is a source of competitive advantage for this business. The earliest expiration date for patents relating to micronized wood preservative compositions is April 9, 2024.

Expenditures for research and development were \$3.1 million, \$2.4 million and \$2.3 million, for the years ended December 31, 2014, 2013 and 2012, respectively.

Technology and Licensing

In 1988, we acquired the “Koppers” trademark from Koppers Company, Inc. The association of the name with the chemical, building, wood preservation and coke industries is beneficial to our company, as it represents long-standing, high quality products. Trademarks relating to our wood preservation business, such as “MicroPro”, “Protim” and “Solignum” are important in this segment of our business, and as long as we continue to use the name “Koppers” and the trademarks associated with our wood preservation business and comply with applicable registration requirements, our right to use the name “Koppers” and the other trademarks should continue without expiration. The expiration of other trademark rights is not expected to materially affect our business.

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Backlog

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

Seasonality

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

Segment Information

Please see Note 9, “Segment Information,” under Item 8 of this Form 10-K for financial information relating to business segments and geographic areas. See also “Item 1A. Risk Factors – Risks Related to Our Business – Demand for our products is cyclical and we may experience prolonged depressed market conditions for our products.”

Non-U.S. Operations

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

Environmental Matters

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

could incur in the future significant costs as the result of our failure to comply with, and liabilities under, environmental laws and regulations, including cleanup costs, civil and criminal penalties, injunctive relief and denial or loss of, or imposition of significant restrictions on, environmental permits. In addition, we have been and could in the future be subject to suit by private parties in connection with alleged violations of, or liabilities under, environmental laws and regulations. See “Item 1A. Risk Factors – Risks Related to Our Business – We are subject to extensive environmental laws and regulations and may incur significant costs as a result of continued compliance with, violations of or liabilities under environmental laws and regulations” and Note 20 of the Notes to Consolidated Financial Statements, “Commitments and Contingent Liabilities.”

Employees and Employee Relations

As of December 31, 2014, we had 773 salaried employees and 1,369 non-salaried employees. Listed below is a breakdown of employees by our businesses, including administration.

| <i>Business</i> | <i>Salaried</i> | <i>Non-Salaried</i> | <i>Total</i> |
|--|-----------------|---------------------|--------------|
| Carbon Materials and Chemicals | 356 | 409 | 765 |
| Railroad and Utility Products and Services | 168 | 571 | 739 |
| Performance Chemicals | 146 | 387 | 533 |
| Administration | 103 | 2 | 105 |
| Total Employees | 773 | 1,369 | 2,142 |

Internet Access

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

ITEM 1A. RISK FACTORS

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

Risks Related to Our Business

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

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

- The primary raw material used by our CMC business is coal tar, a by-product of furnace coke production. A shortage in the supply of domestic coal tar or a reduction in the quality of coal tar could require us to increase coal tar and carbon pitch imports, as well as the use of petroleum substitutes to meet future carbon pitch demand. This could cause a significant increase in our operating expenses and we may be unable to pass some or all of these costs on to our customers.
- In certain circumstances coal tar may also be used as an alternative to fuel. In the past, increases in energy prices have resulted in higher coal tar costs which we have attempted to pass through to our customers. If these increased costs cannot be passed through to our customers, it could result in margin reductions for our coal tar-based products.
- Our price realizations and profit margins for phthalic anhydride have historically fluctuated with the price of orthoxylene and its relationship to our cost to produce naphthalene; however, during periods of excess supplies of phthalic anhydride, margins may be reduced despite high levels for orthoxylene prices.

- Our price realizations and profit margins for phthalic anhydride, naphthalene and carbon black feedstock have historically fluctuated with the market price of crude oil, market prices for chemicals derived from crude oil, such as orthoxylene or market indices derived from crude oil. In addition, the market price of phthalic anhydride, naphthalene and carbon black feedstock may be negatively impacted from decreasing market prices for crude oil. Our business was negatively affected by the decreasing market price of oil experienced in the fourth quarter of 2014 and continuing into the following year.
- The availability and cost of softwood and hardwood lumber are critical elements in our production of pole products and railroad crossties, respectively, for our RUPS business. Historically, the supply and cost of hardwood for railroad crossties have been subject to availability and price pressures. We may not be able to obtain wood raw materials at economical prices in the future.
- The availability of scrap copper is a critical element in our production of copper-based wood preservation chemicals for our PC business. Our purchase price for scrap copper is based upon spot prices in the copper market, which are subject to sudden changes. We may not be able to obtain scrap copper at prices that match underlying pricing commitments to our customers.

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

We face risks related to our substantial indebtedness.

Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk associated with our variable rate debt and prevent us from meeting our obligations under our senior secured credit facilities, as described in Note 16 of the Notes to Consolidated Financial Statements, (the "Senior Secured Credit Facilities"). As of December 31, 2014, we have total outstanding debt of \$850.5 million (of which \$553.5 million is subject to variable interest rates and \$297.0 million is subject to fixed interest rates), and an additional approximately \$113.5 million of unused borrowing capacity under our revolving credit facility. Our high degree of leverage could have important consequences to us, including:

- making it more difficult for us to make payments on our debt;
- increasing our vulnerability to general economic and industry conditions;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our debt, thereby reducing our ability to use our cash flow to fund our operations, capital expenditures, and future business opportunities;
- exposing us to the risk of increased interest rates as certain of our borrowings under our Senior Secured Credit Facilities are at variable rates;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions, and general corporate or other purposes; and
- limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to our competitors who may be less highly leveraged.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, subject to the restrictions contained in our Senior Secured Credit Facilities and the indentures governing the notes. If new indebtedness is added to our current debt levels, the related risks that we now face could intensify.

Our debt agreements contain restrictions that limit our flexibility in operating our business.

Our Senior Secured Credit Facilities and the indenture governing the Koppers Inc. 7⁷/₈% Senior Notes due 2019 (the "Senior Notes") notes contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit our ability and the ability of our restricted subsidiaries to, among other things:

- incur additional debt;
- pay dividends or distributions on our capital stock or repurchase our capital stock;

- issue stock of subsidiaries;
- make certain investments;
- create liens on our assets to secure debt;
- enter into transactions with affiliates;
- merge or consolidate with another company; and
- sell or otherwise transfer assets.

In addition, under the Senior Secured Credit Facilities, we are required to meet specified financial ratios in order to undertake certain actions, and we are required to maintain a specified minimum fixed charge coverage ratio and a maximum total secured leverage ratio. Our ability to meet those tests can be affected by events beyond our control, and we cannot assure you that we will meet them. A breach of any of these covenants could result in a default under our Senior Secured Credit Facilities. Upon the occurrence of an event of default under our Senior Secured Credit Facilities, the lenders could elect to declare all amounts outstanding under our Senior Secured Credit Facilities to be immediately due and payable and terminate all commitments to extend further credit. If we were unable to repay those amounts, the lenders under our Senior Secured Credit Facilities could proceed against the collateral granted to them to secure such indebtedness. We have pledged substantially all of our assets as collateral under our Senior Secured Credit Facilities. If the lenders under our Senior Secured Credit Facilities accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay our Senior Secured Credit Facilities, as well as our unsecured indebtedness.

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

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

In addition, we rely on our \$792.5 million Senior Secured Credit Facilities with a consortium of banks to provide us with liquidity to meet our working capital needs. At December 31, 2014, we had \$113.5 million of available borrowing capacity under this arrangement. Our ability to fund our liquidity needs and working capital requirements could be impacted in the event that disruptions in the credit markets result in the banks being unable to lend to us under our credit agreement.

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

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

Intellectual property rights are important to our business. If our patents are declared invalid or our trade secrets become known to our competitors, our ability to compete may be adversely affected.

Proprietary protection of our processes, apparatuses and other technology is important to our business, particularly in our Performance Chemicals business. Consequently, we may have to rely on judicial enforcement of our patents and other proprietary rights, which is generally a time consuming and expensive process. While a presumption of validity exists with respect to patents issued to us in the U.S., there can be no assurance that any of our patents will not be challenged, invalidated, circumvented or rendered unenforceable. Furthermore, if any pending patent application filed by us does not result in an issued patent, or if patents are issued to us, but such patents do not provide meaningful protection of our intellectual property, or if

patents issued to us expire, then our ability to compete may be adversely affected. Additionally, our competitors or other third parties may obtain patents that restrict or preclude our ability to lawfully produce or sell our products in a competitive manner, which could have a material adverse effect on our business, cash flow and financial condition. The growth of our business also depends on our ability to develop new intellectual property rights, including patents, and the successful implementation of innovation initiatives. There can be no assurance that our efforts to do so will be successful and the failure to do so could negatively impact our results of operations.

We also rely upon unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain our competitive position, particularly in our Performance Chemicals business. While it is our policy to enter into confidentiality agreements with our employees and third parties to protect our intellectual property, these confidentiality agreements may be breached or may not provide meaningful protection for our trade secrets or proprietary know-how, and adequate remedies may not be available in the event of an unauthorized use or disclosure of our trade secrets and know-how. In addition, others could obtain knowledge of our trade secrets through independent development or other access by legal means. The failure of our patents or confidentiality agreements to protect our processes, apparatuses, technology, trade secrets or proprietary know-how could have a material adverse effect on our business, cash flow and financial condition.

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

At December 31, 2014, the net carrying value of long-lived assets (property, plant and equipment, goodwill, other intangible assets and equity investments) totaled approximately \$719.6 million. In accordance with generally accepted accounting principles, we periodically assess these assets to determine if they are impaired. In 2014, we recognized impairment charges of \$4.7 million for a coal tar distillation plant located in China. In 2013, we recognized impairment charges of \$11.9 million for three coal tar distillation plants located in the Netherlands, China and the United States. Significant negative industry or economic trends, disruptions to our business, unexpected significant changes or planned changes in use of the assets, divestitures and market capitalization declines may result in impairments to goodwill and other long-lived assets. Future impairment charges could significantly affect our results of operations in the periods recognized. Impairment charges would also reduce our shareholders' equity and could affect compliance with the covenants in our debt agreements.

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

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

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

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

- The principal consumers of our carbon pitch are primary aluminum smelters. Although the aluminum industry has experienced growth on a long-term basis, there may be cyclical periods of weak demand which could result in decreased primary aluminum production. Our pitch sales have historically declined during such cyclical periods of weak global demand for aluminum.
- The principal use of our phthalic anhydride is in the manufacture of plasticizers and flexible vinyl, which are used mainly in the housing and automobile industries. Therefore, a decline in remodeling and construction or global automobile production could reduce the demand for phthalic anhydride.
- The principal use of our wood preservation chemicals is in the manufacture of treated lumber, which is used mainly for residential applications, such as wood decking, and also industrial applications, such as the treating of railroad crossties and utility poles. Therefore, a decline in remodeling and construction could reduce demand for wood preservation chemicals for residential applications and a decline in the capital spending requirements for railroads and utility companies could reduce demand for wood preservation chemicals for industrial applications.

We are dependent on major customers for a significant portion of our net sales, and the loss of one or more of our major customers could result in a significant reduction in our profitability as a whole or the profitability of a particular product.

Although no one customer accounts for more than 10 percent of our net sales, for the year ended December 31, 2014, our top ten customers accounted for approximately 37 percent of our net sales. The loss of a significant customer could have a material adverse effect on our business, cash flow and financial condition.

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

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

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

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

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

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

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

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

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

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

- the treatment, storage and disposal of wastes;
- the investigation and remediation of contaminated soil and groundwater;
- the discharge of effluents into waterways;

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

We have incurred, and expect to continue to incur, significant costs to comply with environmental laws and regulations and as a result of remedial obligations. We could incur significant costs, including cleanup costs, fines, civil and criminal sanctions and claims by third parties for property damage and personal injury, as a result of violations of or liabilities under environmental laws and regulations. We accrue for environmental liabilities when a determination can be made that they are probable and reasonably estimable. Total environmental reserves at December 31, 2014 were \$7.8 million, which include provisions primarily for environmental fines and remediation. In addition, we incur significant annual operating expenses related to environmental matters and significant capital expenditures related to environmental control facilities. Contamination has been identified and is being investigated and remediated at many of our sites by us or other parties. We believe that we will have continuing significant expenditures associated with compliance with environmental laws and regulations and, to the extent not covered by insurance or available recoveries under third-party indemnification arrangements, for present and future remediation efforts at plant sites and third-party waste sites and other liabilities associated with environmental matters. There can be no assurance that these expenditures will not exceed current estimates and will not have a material adverse effect on our business, financial condition, cash flow and results of operations.

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

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

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

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

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

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

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

things, for the continued tender of pre-closing environmental liabilities to Beazer East under the Indemnity through July 2019. As consideration for the agreement, we, among other things, paid Beazer East \$7.0 million and agreed to share toxic tort litigation defense costs arising from sites acquired from Beazer East. Qualified expenditures under the Indemnity are not subject to a monetary limit.

The Indemnity provides for the resolution of issues between KI and Beazer East by an arbitrator on an expedited basis upon the request of either party. The arbitrator could be asked, among other things, to make a determination regarding the allocation of environmental responsibilities between KI and Beazer East. Arbitration decisions under the Indemnity are final and binding on the parties. Periodically, issues have arisen between KI and Beazer East and/or other indemnitors that have been resolved without arbitration. From time to time, KI and Beazer East have engaged in discussions that involve, among other things, the allocation of environmental costs related to certain operating and closed facilities.

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

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

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

Adverse weather conditions may reduce our operating results.

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

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

We have operations in the United States, Australia, China, the United Kingdom, New Zealand, South America, Canada and Denmark, among others, and sell our products in many foreign countries. For the year ended December 31, 2014 on a pro forma basis, net sales from products sold by our foreign subsidiaries accounted for approximately 40 percent of our total net sales.

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

In addition, as a global business, we are also exposed to market risks relating to fluctuations in interest rates and foreign currency exchange rates. Our international revenues could be reduced by currency fluctuations or devaluations. Changes in

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

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

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

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

We are a defendant in a significant number of lawsuits in which the plaintiffs claim they have suffered a variety of illnesses (including cancer) and/or property damage as a result of exposure to coal tar pitch, benzene, wood treatment chemicals and other chemicals. In addition, we are regularly subject to legal proceedings and claims that arise in the ordinary course of business, such as workers' compensation claims, governmental investigations, employment disputes, and customer and supplier disputes arising out of the conduct of our business. We also are involved in various litigation and proceedings relating to environmental matters. Litigation could result in substantial costs and may divert management's attention and resources away from the day-to-day operation of our business.

We are indemnified for certain product liability exposures under the Indemnity with Beazer East related to products sold prior to the closing of the acquisition of assets from Beazer East. Beazer East and Beazer Limited may not continue to meet their indemnification obligations. In addition, Beazer East could choose to challenge its indemnification obligations or our satisfaction of the conditions to indemnification imposed on us thereunder. If for any reason (including disputed coverage or financial incapability) one or more of such parties fail to perform their obligations and we are held liable for or otherwise required to pay all or part of such liabilities without reimbursement, the imposition of such liabilities on us could have a material adverse effect on our business, financial condition, cash flows and results of operations. Furthermore, we could be required to record a contingent liability on our balance sheet with respect to such matters, which could result in us having significant negative net worth.

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

Many of our employees are represented by a number of different labor unions and are covered under numerous labor agreements. Every year, a number of labor agreements are scheduled to expire. We may not be able to reach new agreements without union action or on terms satisfactory to us. Any future labor disputes with any such unions could result in strikes or other labor protests, which could disrupt our operations and divert the attention of our management from operating our business. If we were to experience a strike or work stoppage, it may be difficult for us to find a sufficient number of employees with the necessary skills to replace these employees. Any such labor disputes could cause a decline in our production and a reduction in our profitability.

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

As of December 31, 2014, our benefit obligation under our defined benefit pension plans exceeded the fair value of plan assets by \$46.2 million. Our pension asset funding to total pension obligation ratio was 83 percent as of December 31, 2014. The underfunding was caused, in large part, by fluctuations in the financial markets that have caused the value of the assets in our defined benefit pension plans to be significantly lower than anticipated and by fluctuations in interest rates which increased the discounted pension liabilities. In addition, our obligations for other post-retirement benefit obligations are unfunded and total \$9.8 million at December 31, 2014.

During the years ended December 31, 2014 and December 31, 2013, we contributed \$15.1 million and \$22.5 million, respectively, to our post-retirement benefit plans. Management expects that any future obligations under our post-retirement benefit plans that are not currently funded will be funded from our future cash flow from operations. If our contributions to our post-retirement benefit plans are insufficient to fund the post-retirement benefit plans adequately to cover our future obligations, the performance of the assets in our pension plans does not meet our expectations or other actuarial assumptions or mandatory funding laws are modified, our contributions to our post-retirement benefit plans could be materially higher than we expect, thus reducing the cash available for our business.

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

We periodically assess our manufacturing operations in order to manufacture and distribute our products in the most efficient manner. Based on our assessments, we may make capital improvements to modernize certain units, move manufacturing or distribution capabilities from one plant or facility to another plant or facility, discontinue manufacturing or distributing certain products or close all or part of a manufacturing plant or facility, any of which could cause us to incur significant charges. The actual costs to close a manufacturing facility may exceed our original cost estimate and may have a material adverse effect on our financial condition, cash flow from operations and results from operations.

We depend on our senior management team and other key employees and the loss of these employees could adversely affect our business.

Our success is dependent on the management, experience and leadership skills of our senior management team and key employees. The loss of any of these individuals or an inability to attract, retain and maintain additional personnel with similar industry experience could prevent us from implementing our business strategy. We cannot assure you that we will be able to retain our existing senior management and key personnel or to attract additional qualified personnel when needed. Senior management or key personnel may retire from time to time, and our employment agreements with these individuals may expire from time to time.

We may be subject to information technology systems failures, network disruptions and breaches of data security.

We depend on integrated information systems to conduct our business. Information technology systems failures, including risks associated with upgrading our systems or in successfully integrating information technology and other systems in connection with the integration of businesses we acquire, network disruptions and breaches of data security could disrupt our operations by impeding our processing of transactions, our ability to protect customer or company information and our financial reporting. Our computer systems, including our back-up systems, could be damaged or interrupted by power outages, computer and telecommunications failures, computer viruses, internal or external security breaches, events such as fires, earthquakes, floods, tornadoes and hurricanes, and/or errors by our employees. Although we have taken steps to address these concerns, there can be no assurance that a system failure or data security breach will not have a material adverse effect on our financial condition and results of operations.

Risks Related to Our Common Stock

Our stock price may be extremely volatile.

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

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

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

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

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

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

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

We have suspended our dividend and do not expect to pay any dividends for the foreseeable future.

We are not required to pay dividends, and our shareholders are not guaranteed, and do not have contractual rights, to receive dividends. Our board of directors may decide at any time, in its discretion, to decrease the amount of dividends, otherwise change or revoke the dividend policy or discontinue entirely the payment of dividends. In February 2015 our board of directors determined to suspend our dividend in order to pay down debt and until the Carbon Materials and Chemicals business stabilizes. Accordingly, we do not anticipate that we will pay any dividends on shares of our common stock for the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our Board of Directors and will depend upon results of operations, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors our Board of Directors deems relevant.

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

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

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

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

- Our board of directors is classified into two classes until our annual meeting in May 2016.
- Our shareholders will be able to remove directors only for cause by the affirmative vote of the holders of a majority of the outstanding shares of our capital stock entitled to vote in the election of directors. Vacancies on our board of directors may be filled only by our board of directors.
- Under Pennsylvania law, cumulative voting rights are available to the holders of our common stock if our Articles of Incorporation have not negated cumulative voting. Our Articles of Incorporation provide that our shareholders do not have the right to cumulative votes in the election of directors.
- Our Articles of Incorporation do not permit shareholder action without a meeting by consent except for the unanimous consent of all holders of our common stock. The Articles of Incorporation also provide that special meetings of our shareholders may be called only by the board of directors or the chairman of the board of directors.
- Our Bylaws provide that shareholders seeking to nominate candidates for election as directors or to bring business before an annual meeting of shareholders must provide timely notice of their proposal in writing to the corporate secretary.

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

Risks Related to the Senior Notes and Other Indebtedness

We may not be able to generate sufficient cash to service all of our indebtedness, including the Senior Notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the Senior Notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the Senior Notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our Senior Secured Credit Facilities, and the indenture governing the Senior Notes restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due.

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

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

If we are unable to meet the terms of our financial covenants, or if we break any of these covenants, a default could occur. A default, if not waived, would entitle our lenders to declare all amounts borrowed under it immediately due and payable, which could also cause the acceleration of obligations under certain other agreements. In the event of acceleration of our outstanding indebtedness, there can be no assurance that we would be able to repay our debt or obtain new financing to refinance our debt. Even if new financing is made available to us, it may not be on terms acceptable to us.

The Senior Notes are secured equally and ratably with our current and future secured indebtedness.

The Senior Notes are secured equally and ratably with all of our current secured indebtedness and any future secured indebtedness that we may incur to the extent of the assets securing such indebtedness. At December 31, 2014, we have a \$500.0 million secured revolving credit facility and a term loan of \$292.5 million. The revolving credit agreement and indenture governing the Senior Notes permit us to incur a substantial amount of additional indebtedness.

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

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

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

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

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

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

Only Koppers Holdings and the wholly-owned domestic restricted subsidiaries of Koppers Inc. guarantee the Senior Notes. The Senior Notes are not guaranteed by any of our non-U.S. subsidiaries. Subject to certain limitations, the indenture governing the Senior Notes permits the non-guarantor subsidiaries to acquire additional assets and incur additional indebtedness. Holders of Senior Notes would not have any claim as a creditor against any of the non-guarantor subsidiaries to the assets and earnings of those subsidiaries. The claims of the creditors of those subsidiaries, including their trade creditors, banks and other lenders, will

have priority over any of Koppers Inc.'s claims or those of Koppers Inc.'s other subsidiaries as equity holders of the non-guarantor subsidiaries. Consequently, in any insolvency, liquidation, reorganization, dissolution or other winding-up of any of the non-guarantor subsidiaries, creditors of those subsidiaries would be paid before any amounts would be distributed to Koppers Inc. or to any of the other guarantors as equity and thus be available to satisfy the obligations under the Senior Notes and the guarantees. Accordingly, there can be no assurance that any of the assets of the non-guarantor subsidiaries will be available to satisfy the obligations under the Senior Notes and the guarantees. In addition, Koppers Holdings has substantially no operations independent of Koppers Inc. and its subsidiaries, and there can be no assurance that Koppers Holdings will have any assets available to satisfy the obligations under its guarantee. As of December 31, 2014, the non-guarantor subsidiaries had approximately \$197 million of liabilities (including trade payables but excluding intercompany indebtedness).

Our subsidiaries that do not guarantee the Senior Notes accounted for approximately \$648 million, or 42 percent of our net sales and approximately \$7 million, or 21 percent of our operating profit, for the year ended December 31, 2014, and approximately \$534 million, or 41 percent of our total assets as of December 31, 2014. Amounts are presented after giving effect to intercompany eliminations.

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

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

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

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

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

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

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

The trading price of the Senior Notes may be volatile.

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

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

| <i>Primary Product Line</i> | <i>Location</i> | <i>Description of Property Interest</i> |
|---|---|---|
| Carbon Materials and Chemicals | | |
| Carbon pitch | Clairton, Pennsylvania | Owned |
| Carbon pitch | Follansbee, West Virginia | Owned |
| Carbon pitch ^(a) | Jingtang, Hebei Province, China | Leased |
| Carbon pitch | Mayfield, New South Wales, Australia | Owned |
| Carbon pitch | Nyborg, Denmark | Owned/Leased |
| Carbon pitch ^(b) | Pizhou, Jiangsu Province, China | Leased |
| Carbon pitch | Port Clarence, United Kingdom | Owned |
| Carbon pitch | Portland, Oregon | Leased |
| Carbon pitch | Scunthorpe, United Kingdom | Owned |
| Carbon pitch, phthalic anhydride | Stickney, Illinois | Owned |
| Carbon pitch | Tangshan, Hebei Province, China | Leased |
| Railroad and Utility Products and Services | | |
| Railroad crossties ^(c) | Ashcroft, British Columbia, Canada | Owned |
| Railroad crossties, utility poles | Bunbury, Western Australia, Australia | Owned/Leased |
| Railroad crossties | Denver, Colorado | Owned |
| Railroad crossties | Florence, South Carolina | Owned |
| Railroad crossties | Galesburg, Illinois | Leased |
| Utility poles | Grafton, New South Wales, Australia | Owned |
| Railroad crossties | Green Spring, West Virginia | Owned |
| Railroad crossties | Guthrie, Kentucky | Owned |
| Treated wood products ^(d) | Houston, Texas | Owned |
| Rail joint bars | Huntington, West Virginia | Leased |
| Utility poles | Longford, Tasmania, Australia | Owned |
| Railroad structures ^(d) | Madison, Wisconsin | Owned |
| Railroad crossties | Muncy, Pennsylvania | Owned |
| Railroad crossties | North Little Rock, Arkansas | Owned |
| Concrete crossties ^(e) | Portsmouth, Ohio | Owned |
| Railroad crossties | Roanoke, Virginia | Owned |
| Railroad crossties | Somerville, Texas | Owned |
| Pine products | Takura, Queensland, Australia | Leased |
| Performance Chemicals^(d) | | |
| Wood preservation chemicals | Auckland, New Zealand | Owned |
| Wood preservation chemicals | Christchurch, New Zealand | Owned |
| Wood preservation chemicals | Darlington, United Kingdom | Owned |
| Wood preservation chemicals | Geelong, Victoria, Australia | Owned |
| Copper carbonate | Hubbell, Michigan | Leased |
| Wood preservation chemicals | Millington, Tennessee | Owned |
| Wood preservation chemicals | Mt. Gambier, South Australia, Australia | Owned |
| Wood preservation chemicals | Rock Hill, South Carolina | Owned |

(a) Ownership percentage is 30 percent.

(b) Tar distillation production commenced August 2014.

(c) Acquired on January 20, 2014.

(d) Acquired on August 15, 2014.

(e) Ownership percentage is 50 percent.

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

ITEM 3. LEGAL PROCEEDINGS

We are involved in litigation and various proceedings relating to environmental laws and regulations, toxic tort, product liability and other matters. An adverse outcome for certain of these cases could result in a material adverse effect on our business, cash flows and results of operations. The information related to legal matters set forth in Note 20 to the Consolidated Financial Statements of Koppers Holdings Inc. is hereby incorporated by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth the names, ages and positions of our and Koppers Inc.'s executive officers as of March 2, 2015. Our executive officers hold their positions until the annual meeting of the board of directors or until their respective successors are elected and qualified.

| Name | Age | Position |
|----------------------------|-----|--|
| Leroy M. Ball | 46 | President and Chief Executive Officer of Koppers Holdings Inc. and Koppers Inc. |
| James T. Dietz | 58 | Vice President, Global Business Services and Technology, Koppers Inc. |
| Joseph P. Dowd | 54 | Vice President, North American Carbon Materials and Chemicals, Koppers Inc. |
| Paul A. Goydan | 68 | Senior Vice President, Performance Chemicals, Koppers Inc. |
| Daniel R. Groves | 48 | Vice President, Human Resources, Koppers Inc. |
| Leslie S. Hyde | 54 | Vice President, Safety and Environmental Affairs, Koppers Inc. |
| Steven R. Lacy | 59 | Senior Vice President, Administration, General Counsel and Secretary, Koppers Holdings Inc. and Koppers Inc. |
| Thomas D. Loadman | 60 | Senior Vice President, Railroad Products and Services, Koppers Inc. |
| Mark R. McCormack | 55 | Vice President, Australasian Operations, Koppers Inc. |
| Christian A. Nielsen | 52 | Vice President, European Operations, Koppers Inc. |
| Markus G. Spiess | 54 | Vice President, Global Sales and Marketing, Global Carbon Materials and Chemicals, Koppers Inc. |
| James A. Sullivan | 51 | Senior Vice President, Global Carbon Materials and Chemicals, Koppers Inc. |
| Louann E. Tronsberg-Deihle | 51 | Treasurer, Koppers Holdings Inc. and Koppers Inc. |
| J. Robin Zhu | 50 | Vice President, China Operations, Koppers Inc. |
| Michael J. Zugay | 63 | Chief Financial Officer, Koppers Holdings Inc. and Koppers Inc. |

Mr. Ball was elected President and Chief Executive Officer of Koppers Holdings Inc. and Koppers Inc. in January 2015. From May 2014 through December 2014, Mr. Ball served as Chief Operating Officer of Koppers Holdings Inc. and Koppers Inc. From May 2014 until August 2014, Mr. Ball served as both Chief Operating Officer and Chief Financial Officer of Koppers Holdings Inc. and Koppers Inc. He served as Vice President and Chief Financial Officer from September 2010 to May 2014. Prior to joining Koppers, Mr. Ball was Senior Vice President and Chief Financial Officer of Calgon Carbon Inc. (granular activated carbon products and treatment systems) since 2002.

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

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

Mr. Goydan was elected Senior Vice President, Performance Chemicals, Koppers Inc. upon our acquisition of Osmose Inc. (wood preservation) on August 15, 2014. For the ten years prior to the acquisition, Mr. Goydan served as the President of Osmose Inc.

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

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

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

Mr. Loadman was elected Senior Vice President, Railroad Products and Services in February 2015. Mr. Loadman had previously served as Vice President, Railroad and Utility Products and Services of Koppers Inc. since May 2011. Prior to that, Mr. Loadman served as Vice President and General Manager, Railroad Products and Services of Koppers Inc. Since November 1994.

Mr. McCormack was elected Vice President, Australasian Operations of Koppers Inc. in May 2014. Prior to that, Mr. McCormack served as Vice President Australian Operations from November 2006 to May 2014. Mr. McCormack had been elected Vice President, Global Marketing, Sales and Development, Carbon Materials and Chemicals of Koppers Inc. in February 2002.

Mr. Nielsen was elected Vice President, European Operations of Koppers Inc. in February 2014. Prior to that, Mr. Nielsen served as Operations Manager, European Operations of Koppers Inc. from October 2010 to January 2014. From April 1998 to September 2010, Mr. Nielsen was Plant Manager of the Koppers Inc. facility in Nyborg, Denmark.

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

Mr. Sullivan was elected Senior Vice President, Global Carbon Materials & Chemicals, Koppers Inc. in April 2014. Mr. Sullivan had been elected Vice President of Business Development in June 2013. Prior to joining Koppers, from March 2012 through May 2013, Mr. Sullivan was Senior Vice President, Americas of Calgon Carbon Corporation ("Calgon Carbon") (granulated activated carbon products and treatment systems). During January and February 2012, he was Vice President, Americas of Calgon Carbon and from March 2010 to January 2012, he was the Vice President of Operations of Calgon Carbon. Mr. Sullivan was Vice President, UV and Corporate Business Development of Calgon Carbon from July 2008 to March 2010.

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

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

Mr. Zugay was elected Chief Financial Officer of Koppers Holdings Inc. and Koppers Inc. in August 2014. Prior to joining Koppers, Mr. Zugay was Co-Chief Executive Officer for Michael Baker Corporation (engineering and other consulting services) from December 2012 to October 2013. Mr. Zugay served as Chief Financial Officer of Michael Baker Corporation from February 2009 to January 2014.

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

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

The number of registered holders of Koppers common shares at January 31, 2015 was 71.

See Note 22 to the consolidated financial statements below for information concerning dividends and high and low market prices of our common shares during the past two years.

Dividend Policy

In 2006, our board of directors adopted a dividend policy that provided for quarterly dividends, payable at the discretion of our board of directors. Dividends will be considered if cash generated by our business is in excess of our expected cash needs. Our expected cash needs include operating expenses and working capital requirements, interest and principal payments on our indebtedness, capital expenditures, incremental costs associated with being a public company, taxes and certain other costs. On an annual basis we expect to pay dividends, if declared, with cash flow from operations, but, due to seasonal or other temporary fluctuations in cash flow, we may from time to time use temporary short-term borrowings to pay quarterly dividends.

We are not required to pay dividends, and our shareholders will not be guaranteed, or have contractual or other rights, to receive dividends. Our board of directors may decide, in its discretion, at any time, to decrease the amount of dividends, otherwise modify or repeal the dividend policy or discontinue entirely the payment of dividends. On February 26, 2015, we announced that our board of directors decided to suspend our quarterly cash dividend. As a result, no dividend was issued for the first quarter of fiscal 2015. We historically had issued a quarterly cash dividend of \$0.25 per share of our common stock every quarter for the past two fiscal years. We currently intend to use the annual cash savings from such dividend suspension to preserve financial flexibility while funding our strategic growth initiatives and debt repayments. Any future determination to declare and pay dividends will be made at the discretion of our board of directors, after taking into account our financial results, capital requirements and other factors it may deem relevant.

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

Equity Compensation Plans

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column) |
|--|--|---|---|
| Equity compensation plans approved by security holders | 921,369 ⁽¹⁾ | \$17.82 | 976,773 ⁽²⁾ |

(1) Includes shares of our common stock that may be issued pursuant to outstanding options, time-based restricted stock units and performance-based restricted stock units awarded under our Amended and Restated 2005 Long Term Incentive Plan.

(2) Includes shares of our common stock that remain available for issuance under our Amended and Restated 2005 Long Term Incentive Plan.

Issuer Purchases of Equity Securities

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

ITEM 6. SELECTED FINANCIAL DATA

The following table contains our selected historical consolidated financial data for the five years ended December 31, 2014. The selected historical consolidated financial data for each of the years ended December 31, 2014, 2013, 2012, 2011 and 2010 have been derived from our audited consolidated financial statements. This selected financial data should be read in conjunction with Koppers' Consolidated Financial Statements and related notes included elsewhere in this Annual Report on Form 10-K as well as Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations.

| | Year ended December 31, | | | | |
|--|-------------------------|-----------|-----------|-----------|-----------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| <i>(Dollars in millions, except share and per share amounts)</i> | | | | | |
| Statement of Income Data: | | | | | |
| Net sales | \$1,555.0 | \$1,478.3 | \$1,555.0 | \$1,466.2 | \$1,190.5 |
| Depreciation and amortization | 44.0 | 29.7 | 27.6 | 26.9 | 24.8 |
| Impairment and restructuring charges ⁽¹⁾ | 17.9 | 11.9 | 0.6 | 0.0 | 1.8 |
| Operating profit | 33.2 | 100.3 | 126.6 | 122.7 | 98.1 |
| Interest expense | 39.1 | 26.8 | 27.9 | 27.2 | 27.1 |
| (Loss) income from continuing operations | (40.0) | 40.2 | 67.3 | 57.5 | 44.6 |
| Income (loss) from discontinued operations ⁽²⁾ | 0.6 | (0.1) | (0.1) | (19.9) | 0.1 |
| Loss on sale of Koppers Arch ⁽³⁾ | 0.0 | 0.0 | 0.0 | 0.0 | (0.2) |
| Net (loss) income ⁽⁴⁾ | (39.4) | 40.1 | 67.2 | 37.6 | 44.5 |
| Net (loss) income attributable to Koppers | (32.4) | 40.4 | 65.6 | 36.9 | 44.1 |
| (Loss) Earnings Per Common Share Data: | | | | | |
| Basic – continuing operations | \$ (1.61) | \$ 1.96 | \$ 3.18 | \$ 2.75 | \$ 2.14 |
| Diluted – continuing operations | (1.61) | 1.94 | 3.14 | 2.72 | 2.13 |
| Weighted average common shares outstanding <i>(in thousands)</i> : | | | | | |
| Basic | 20,463 | 20,575 | 20,681 | 20,599 | 20,543 |
| Diluted | 20,463 | 20,815 | 20,927 | 20,833 | 20,676 |
| Balance Sheet Data: | | | | | |
| Cash and cash equivalents ⁽⁵⁾ | \$ 51.1 | \$ 82.2 | \$ 66.7 | \$ 54.1 | \$ 35.3 |
| Total assets ⁽⁶⁾ | 1,293.9 | 784.9 | 780.0 | 730.7 | 669.2 |
| Total debt ⁽⁶⁾ | 850.5 | 303.1 | 296.1 | 302.1 | 296.4 |
| Other Data: | | | | | |
| Capital expenditures: ⁽⁷⁾ | \$ 83.8 | \$ 72.9 | \$ 28.9 | \$ 32.5 | \$ 28.5 |
| Cash dividends declared per common share | \$ 1.00 | \$ 1.00 | \$ 0.96 | \$ 0.88 | \$ 0.88 |

(1) Includes plant closure and severance costs totaling \$13.2 million related to the closure of the Company's coal tar distillation facility in Uithoorn, the Netherlands and fixed asset impairment charges totaling \$4.7 million related to the Company's coal tar distillation facility located in Tangshan China for the year ended December 31, 2014. Includes impairment charges of \$11.9 million primarily consisting of write-downs related facilities located in Uithoorn, the Netherlands; Tangshan, China; and Follansbee, West Virginia for the year ended December 31, 2013.

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

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

(4) Income tax expense for 2014 was impacted by \$24.3 million related to a legal entity restructuring project.

(5) Includes cash of discontinued operations.

(6) The August 15, 2014 Osmose entities acquisition materially affect the comparability of these amounts.

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

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

Overview

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

We operate three principal businesses: Carbon Materials and Chemicals ("CMC"), Railroad and Utility Products and Services ("RUPS") and Performance Chemicals ("PC").

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

On August 15, 2014, we completed the acquisition of the wood preservation and railroad services businesses (the "Osmostose Entities") of Osmostose Holdings, Inc. ("Osmostose"). The majority of the wood preservation business is now known as Performance Chemicals. We believe that Performance Chemicals is the global leader in developing, manufacturing and marketing wood preservation chemicals and wood treatment technologies. The business has operations and sales in North America, South America, Europe and Australasia, and accounted for approximately \$350 million of the revenue for the Osmostose Entities in 2013. This business serves a diverse range of end-markets including infrastructure, residential and commercial construction, and agriculture. The wood preservation business includes approximately \$16 million of revenue related to a wood treating facility located in Houston, Texas that is part of our RUPS segment.

The railroad services business is now known as Koppers Railroad Structures. We believe that Koppers Railroad Structures is a leading provider of railroad infrastructure services, including bridge inspection, engineering, maintenance and repair, and construction services for the Class I and shortline railroads in North America. The business accounted for approximately \$40 million of revenue for the Osmostose Entities in 2013.

The aggregate cash purchase price for the Osmostose Entities was \$494.1 million. Revenues for the Osmostose Entities in 2013 were approximately \$390 million. Net sales from the Osmostose Entities from August 15, 2014 to December 31, 2014 amounted to \$144.4 million. The acquisition is expected to add more than \$400 million of sales at EBITDA margins that are expected to be above our target level of 12 percent.

In January 2014, we completed the acquisition of a crosstie treating plant in Ashcroft, British Columbia, Canada from Tolko Industries, Inc. for a purchase price of \$29.8 million. The facility, provided \$29.2 million in revenue in 2014 and gives Koppers an operating presence in the Canadian railroad market.

In October 2012 we entered into an agreement with Nippon Steel and Sumikin Chemical ("Nippon") and several other entities to develop and construct a fully integrated coal tar based carbon products complex in Pizhou City, Jiangsu Province, China. The complex includes a 300,000 metric ton tar distillation facility which is majority-owned by Koppers, as well as a carbon black plant and a needle coke plant that will be owned by Nippon. A significant portion of the products produced at the tar distillation plant will be sold under a long-term contract with Nippon to supply their carbon black and needle coke plants. The construction of the tar distillation plant has been completed. The construction of the carbon black and needle coke plants has been substantially completed and is in the process of obtaining operating permits. We will be selling all of our production from the new facility into the domestic Chinese market until the carbon black and needle coke facilities are fully operational, which is estimated to occur near the end of 2015.

In October 2013, we were informed by the Tangshan Government of its intention to close the coke batteries owned and operated by our joint venture partner, Tangshan Iron and Steel Group Co., Ltd (“TISCO”), in Tangshan, China. The Tangshan Government has ordered the closure of these coke batteries in an effort to improve the air quality in the Tangshan area. One of TISCO’s two coke batteries shut down in March 2014 and we had previously been informed that the other coke battery adjacent to Koppers (China) Carbon & Chemical Company Limited (“KCCC”) was scheduled to be shut down by the end of 2014. The date of the estimated shutdown is not firm, and we have recently been informed by TISCO that the shutdown of their operating coke battery adjacent to KCCC may not occur for 12 to 18 months. Our 60 percent owned subsidiary, KCCC, is located adjacent to TISCO’s coke facility and relies on its operations for a significant portion of raw material supply, utilities and other shared services. Closure of the TISCO coke batteries directly impacts KCCC’s ability to operate its coal tar distillation plant and we have determined that KCCC is unable to continue coal tar distillation activities at the site once TISCO ceases production activities at the adjacent facility. However, we may decide to close KCCC prior to the shut down of TISCO’s coke batteries. We are continuing to evaluate our options, which in addition to closure include transitioning to a new location or entering into other strategic partnerships with other unrelated coal tar distillation companies. As of December 31, 2014, substantially all of the net book value of fixed assets subject to impairment has been depreciated.

We believe we will be able to continue fulfilling current domestic Chinese customers’ demands and our export commitments with capacity at Koppers (Jiangsu) Carbon Chemical Company Limited (“KJCC”), which commenced production activities in August 2014, TKK, our 30 percent owned Chinese subsidiary, and through other commercial relationships in China. However, our margin on export sales may be negatively affected as a result of these actions.

Outlook

Trend Overview

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

The availability of coal tar is linked to levels of metallurgical coke production. As the global steel industry has reduced production of steel and metallurgical coke, the volumes of coal tar, a by-product of metallurgical coke production, have also been reduced. Our ability to obtain coal tar and the price we are able to negotiate has a significant impact on the level of profitability of our business. Many of our sales contracts include provisions that allow for price increases based on increases in the price of raw materials, which has allowed us to generally maintain profit dollars in our core businesses. However, significant increases in raw material costs can result in margin dilution if only the increased cost of the raw material is passed on to the customer. Additionally, in certain regions such as China that have competing markets for coal tar, or in regions where the available supply of our products exceeds demand, we may not be able to recover raw material cost increases in the selling prices for our end products.

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

Our businesses and results of operations were also negatively affected in 2012, 2013 and 2014 by difficult economic conditions in Europe. Certain key end markets experienced significant reductions in demand that have negatively affected the profitability for most of our products produced and sold in Europe, and we expect this to continue for at least the foreseeable future. Additionally, during 2013 and 2014 our profitability in North America has been negatively impacted by increased levels of imports from competitors in Europe due to weak end-market demand there. The geographic shift in end market demand over the past several years has resulted in a trend of declining utilization rates in North America and Europe over that same period.

As a result we have embarked on a plan to restructure our CMC operating footprint that we expect will eventually reduce the number of coal tar distillation facilities serving North America and Europe from the six that were in operation at the end of 2013 to three in total. The closure of the first facility occurred in April 2014 as we ceased distillation in Uithoorn, the Netherlands. The reduction in operating capacity resulted in charges to pre-tax earnings of \$27.7 million in the year ended December 31, 2014 and \$9.5 million for the year ended December 31, 2013. There may be additional curtailments or closures at our other facilities as part of our efforts to reduce our cost structure and improve capacity utilization in our businesses.

Several of our products, particularly carbon black feedstock and phthalic anhydride, have end market pricing that is linked to oil. Historically, when oil prices increase we have benefited in terms of revenues and profitability from the higher pricing for these products as the cost of coal tar has not increased proportionally with oil. Conversely, the recent significant decline in oil prices has resulted in lower selling prices and profitability for carbon black feedstock, phthalic anhydride and naphthalene, which are products produced and sold by our CMC segment. However, a significant portion of our coal tar is also impacted by the price of oil, which has resulted in lower raw material and finished product costs for certain regions that will partially offset the negative impact from lower product prices.

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

In the second half of 2013 and first half of 2014 we experienced reduced purchases of untreated crossties due to increased competition from other hardwood lumber products. This competition has resulted in higher prices and reduced availability for crossties which resulted in lower crossties sales volumes in 2014. Hardwood availability and crosstie production began to improve in the second half of 2014 and we expect this improvement to continue throughout 2015.

The primary end-market for the wood treating chemicals sold by our PC business is the residential remodeling market, which is influenced by existing home sales and consumer spending on remodeling projects. As most of the products sold by PC are copper-based products, changes in the price and availability of copper can have a significant impact on product pricing and margins.

Seasonality and Effects of Weather on Operations

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

Results of Operations – Comparison of Years Ended December 31, 2014 and December 31, 2013

Consolidated Results

Net sales for the years ended December 31, 2014 and 2013 are summarized by segment in the following table:

| | Year Ended December 31, | | Net Change |
|--|----------------------------|------------------|---------------|
| | 2014 | 2013 | |
| <i>(Dollars in millions)</i> | | | |
| Carbon Materials and Chemicals | \$ 833.7 | \$ 906.1 | -8% |
| Railroad and Utility Products and Services | 597.8 | 572.2 | +4% |
| Performance Chemicals | 123.5 | 0.0 | N/A |
| | \$1,555.0 | \$1,478.3 | +5% |

Carbon Materials and Chemicals net sales for the year ended December 31, 2014 decreased by \$72.4 million or eight percent. Lower sales volumes and prices for pitch decreased sales by five percent over the prior year due to lower sales volumes in North America as a result of lower aluminum production, combined with lower pricing in all regions due to competitive conditions. Sales for distillates reduced sales by one percent over the prior year as lower sales prices for carbon black feedstock were partially offset by higher sales volumes for carbon black feedstock from our Chinese operations due to incremental sales from KJCC which began production in August 2014. Sales for coal tar chemicals were flat as higher sales volumes increased sales by two percent driven by incremental sales volumes of naphthalene from KJCC combined with higher sales volumes for phthalic anhydride but were offset by lower sales prices for phthalic anhydride and naphthalene as a result of lower oil prices. Foreign currency translation reduced sales by one percent over the prior year as a result of the strong U.S. dollar.

Railroad and Utility Products and Services net sales for the year ended December 31, 2014 increased by \$25.6 million or four percent as incremental sales from the Osmose acquisition in August 2014 and the Ashcroft acquisition in January 2014 more than offset lower sales for railroad crossties and utility poles. Sales of crossties reduced sales by three percent as lower sales volumes due to reduced raw material availability were partially offset by higher sales prices. Sales of utility poles reduced sales by two percent mainly as a result of lower sales volumes from Australian operations which were negatively impacted by wet weather conditions.

Performance Chemicals net sales for the year ended December 31, 2014 were \$123.5 million. This segment was formed from the Osmose acquisition which closed in August 2014. Sales for this business, which produces various copper-based wood preservatives used in decking, fencing and other residential, commercial, and agricultural applications, are driven primarily by residential remodeling and existing home sales.

Cost of sales as a percentage of net sales was 86 percent for the year ended December 31, 2014, the same as in the prior year, as significant restructuring costs were incurred in both years. Overall, cost of sales decreased by \$79.0 million when compared to the prior year as the positive impact of acquisitions and the new joint venture in China more than offset lower crosstie purchases for RUPS and lower sales prices and volumes for CMC.

Depreciation and amortization charges for the year ended December 31, 2014 were \$14.3 million higher when compared to the prior year due mainly to \$9.7 million of depreciation and amortization from the Osmose and Ashcroft acquisitions and the new plant in China.

Impairment and restructuring charges for the year ended December 31, 2014 were \$6.0 million higher when compared to the prior year due mainly to higher charges related to our CMC facilities located in Uithoorn, the Netherlands, and Tangshan, China.

Selling, general and administrative expenses for the year ended December 31, 2014 were \$44.5 million higher when compared to the prior year due primarily to the Osmose acquisition and related integration costs.

Interest expense for the year ended December 31, 2014 was \$12.3 million higher when compared to the prior year due mainly to debt incurred to finance the Osmose acquisition.

Income taxes for the year ended December 31, 2014 were \$2.7 million lower when compared to the prior year period. Our effective income tax rate for the year ended December 31, 2014 was (578.0) percent as compared to 47.8 percent in the prior year. The change in the effective income tax rate is due to the one-time tax charges of \$24.3 million that are related to the legal entity restructuring project that we completed at the end of 2014. Additionally, the effective tax rate was negatively affected by the non-deductibility of certain expenses related to the pending closure of the Uithoorn facility, the impairment of KCCC's coal tar distillation facility and the inability to record a tax benefit on pre-tax losses of certain foreign subsidiaries. These items are partially offset by a tax benefit of \$6.0 million due to management's decision that a deferred tax liability for certain undistributed earnings of its European subsidiaries was no longer necessary as these earnings are permanently reinvested.

Segment Results

Segment operating profit for the years ended December 31, 2014 and 2013 is summarized by segment in the following table:

| | Year Ended December 31, | | % Change |
|--|----------------------------|----------------|--------------|
| | 2014 | 2013 | |
| <i>(Dollars in millions)</i> | | | |
| Operating (loss) profit: | | | |
| Carbon Materials and Chemicals | \$ (5.3) | \$ 43.9 | -112% |
| Railroad and Utility Products and Services | 53.6 | 58.3 | -8% |
| Performance Chemicals | 1.6 | 0.0 | N/A |
| Corporate | (16.7) | (1.9) | -779% |
| | \$ 33.2 | \$100.3 | -67% |
| Operating (loss) profit as a percentage of net sales: | | | |
| Carbon Materials and Chemicals | (0.6)% | 4.8% | -5.4% |
| Railroad and Utility Products and Services | 9.0% | 10.2% | -1.2% |
| Performance Chemicals | 1.3% | N/A | N/A |
| | 2.1% | 6.8% | -4.7% |

Carbon Materials and Chemicals operating profit for the year ended December 31, 2014 decreased by \$49.2 million compared to the prior year. CMC operating profit as a percent of sales decreased to (0.6) percent from 4.8 percent in the prior year due mainly to lower sales volumes and prices for carbon pitch combined with lower sales prices for phthalic anhydride, carbon black feedstock and naphthalene due to lower oil prices.

Railroad and Utility Products and Services operating profit for the year ended December 31, 2014 decreased by \$4.7 million or eight percent compared to the prior year. Operating profit as a percentage of sales decreased to 9.0 percent from 10.2 percent in the prior year due to reduced sales volumes for railroad cross-ties driven by lower raw material availability.

Performance Chemicals operating profit for the year ended December 31, 2014 amounted to \$1.6 million or 1.3 percent of sales from the closing of the Osmose acquisition at August 15, 2014 through December 31, 2014. Amortization as a result of purchase accounting and inventory revaluations reduced operating profit by \$3.5 million. Additionally, profitability was negatively impacted due to normal seasonality for residential construction.

Results of Operations – Comparison of Years Ended December 31, 2013 and December 31, 2012

Consolidated Results

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

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

Carbon Materials and Chemicals net sales for the year ended December 31, 2013 decreased by \$93.6 million or nine percent. Lower sales volumes and prices for carbon pitch decreased sales by six percent over the prior year driven by depressed market conditions in Europe, a low pricing environment in Middle East markets, and smelter closures in Europe and Australia that occurred during 2012. Sales volumes for coal tar chemicals decreased sales by three percent driven by lower sales volumes

for phthalic anhydride in the United States and lower sales volumes for naphthalene in Europe. The reduced sales volumes for phthalic anhydride were due mainly to a customer plant closure, lower demand from plasticizer markets due to substitute products, and increased levels of imports from Europe.

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

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

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

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

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

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

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Segment Results

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

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

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

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

Cash Flow

Net cash provided by operating activities was \$35.5 million for the year ended December 31, 2014 as compared to net cash provided by operating activities of \$117.6 million for the year ended December 31, 2013. The reduction in cash provided by operating activities was driven by lower net income in 2014 combined with an increase in inventory related to railroad crossties. The increase in inventory of \$14 million was mainly a result of increased availability for crossties as we are in the process of rebuilding inventories that were at historically low levels due to reduced crosstie availability over the past couple years driven by the shifting of sawmill production to the competing housing and crane mat markets.

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

Net cash used in investing activities was \$580.0 million for the year ended December 31, 2014 as compared to net cash used in investing activities of \$72.3 million for the year ended December 31, 2013 due mainly to the Osmose acquisition.

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

Net cash provided by financing activities was \$516.1 million for the year ended December 31, 2014 as compared to net cash used in financing activities of \$30.3 million for the year ended December 31, 2013. The increase in cash used for financing activities was principally due to new debt financing related to the Osmose acquisition which closed in August 2014.

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

Dividends paid were \$20.4 million for the year ended December 31, 2014 as compared to dividends paid of \$21.1 million for the year ended December 31, 2013. The decrease in dividends paid reflects of a dividend from our KCCC joint venture in China in 2013 to its non-controlling shareholder.

Liquidity and Capital Resources

Restrictions on Dividends to Koppers Holdings

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

The basket is governed by a formula based on the sum of a beginning amount, plus or minus a percentage of Koppers Inc.'s consolidated net income (as defined in the indenture), plus the net proceeds of Koppers Inc.'s qualified stock issuance or conversions of debt to qualified stock, plus the net proceeds from the sale of or a reduction in an investment (as defined in the indenture) or the value of the assets of an unrestricted subsidiary which is designated a restricted subsidiary. At December 31, 2014 the basket totaled \$201.3 million. Notwithstanding such restrictions, the indenture governing Koppers Inc.'s Senior Notes permits an additional aggregate amount of \$20.0 million each fiscal year to finance dividends on the capital stock of Koppers Holdings, whether or not there is any basket availability, provided that at the time of such payment, no default in the indenture has occurred or would result from financing the dividends.

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

Liquidity

The Koppers Inc. revolving credit facility agreement provides for a senior secured revolving credit facility of up to \$500.0 million and a senior secured term loan of up to \$300.0 million at variable interest rates. Borrowings under the revolving credit facility are secured by a first priority lien on substantially all of the assets of Koppers Inc. and its material domestic subsidiaries. The revolving credit facility contains certain covenants for Koppers Inc. and its restricted subsidiaries that limit capital expenditures, additional indebtedness, liens, dividends and investments or acquisitions. In addition, such covenants give rise to events of default upon the failure by Koppers Inc. and its restricted subsidiaries to meet certain financial ratios.

As of December 31, 2014, we had \$113.5 million of unused revolving credit availability for working capital purposes after restrictions by various debt covenants and certain letter of credit commitments. As of December 31, 2014, \$61.5 million of commitments were utilized by outstanding letters of credit.

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

| | |
|--|----------------|
| Cash and cash equivalents ⁽¹⁾ | \$ 51.1 |
| Amount available under revolving credit facility | 113.5 |
| Amount available under other credit facilities | 0.8 |
| Total estimated liquidity | \$165.4 |

(1) Cash includes approximately \$50 million held by foreign subsidiaries, which if repatriated to the United States, would incur an estimated cash tax cost of approximately \$13 million, exclusive of intercompany loan repayments.

Our estimated liquidity was \$451.4 million at December 31, 2013. The decrease in estimated liquidity is due primarily to lower cash and borrowings to finance the acquisition of the wood preservation and railroad services businesses of Osrose and the construction of a coal tar distillation facility in China.

Our need for cash in the next twelve months relates primarily to contractual obligations which include debt service, purchase commitments and operating leases, as well as working capital, capital maintenance programs, the funding of our new coal tar distillation facility in China, and mandatory defined benefit plan funding. We may also use cash to pursue potential strategic acquisitions. Capital expenditures in 2015, excluding acquisitions, are expected to total approximately \$45 million. Construction of the Company's new coal tar distillation facility in China was completed in August 2014.

In January 2015, Koppers Inc. withdrew a new offering of \$400.0 million of senior notes due 2020 due to volatility in the credit markets. Koppers Inc. intended to use the proceeds of the new offering for general corporate purposes and to fund a tender offer to repurchase \$300.0 million of its Senior Notes due 2019. When Koppers Inc. withdrew its new offering, it also withdrew its tender offer. We will potentially revisit an offering in the future if market conditions become more favorable.

Schedule of Certain Contractual Obligations

The following table details our projected payments for our significant contractual obligations as of December 31, 2014. The table is based upon available information and certain assumptions we believe to be reasonable.

| | Payments Due by Period | | | | |
|---|------------------------|----------------|----------------|------------------|----------------|
| | Total | 2015 | 2016-2017 | 2018-2019 | Later years |
| <i>(in millions)</i> | | | | | |
| Long-term debt (including accretion) | \$ 853.5 | \$ 43.9 | \$ 81.3 | \$ 728.3 | \$ 0.0 |
| Interest on debt | 181.3 | 41.6 | 75.0 | 64.7 | 00.0 |
| Operating leases | 156.1 | 35.6 | 58.0 | 28.8 | 33.7 |
| Purchase commitments ⁽¹⁾ | 1,540.6 | 363.2 | 598.3 | 356.5 | 222.6 |
| Total contractual cash obligations | \$2,731.5 | \$484.3 | \$812.6 | \$1,178.3 | \$256.3 |

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

Pension and other employee benefit plan funding obligations (for defined benefit plans) are not included in the table above. We expect defined benefit plan contributions to total less than \$5 million in 2015. Estimated funding obligations are determined by asset performance, workforce and retiree demographics, tax and employment laws and other actuarial assumptions which may change the annual funding obligations in addition to decisions to fund in excess of statutorily required amounts. The funded status of our defined benefit plans is disclosed in Note 15 to the Company's consolidated financial statements.

As of December 31, 2014, there was \$7.2 million of tax liabilities related to unrecognized tax benefits. Because of the high degree of uncertainty regarding the timing of future cash outflows associated with these liabilities, the Company is unable to estimate the years in which settlement will occur with the respective taxing authorities. See Note 10 to the Company's consolidated financial statements for further information.

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Schedule of Certain Other Commercial Commitments

The following table details our projected payments for other significant commercial commitments as of December 31, 2014. The table is based upon available information and certain assumptions we believe to be reasonable.

| | Amount of Commitment Expiration Per Period | | | | |
|---|--|----------------|---------------|-----------------|---------------|
| | Total Amounts Committed | 2015 | 2016-2017 | 2018-2019 | Later years |
| <i>(in millions)</i> | | | | | |
| Lines of credit (unused) | \$ 113.6 | \$ 0.1 | \$ 0.0 | \$ 113.5 | \$ 0.0 |
| Standby letters of credit | 61.5 | 61.5 | 0.0 | 0.0 | 0.0 |
| Total other commercial commitments | \$ 175.1 | \$ 61.6 | \$ 0.0 | \$ 113.5 | \$ 0.0 |

Debt Covenants

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

- The fixed charge coverage ratio, calculated as of the end of each fiscal quarter for the four fiscal quarters then ended, is not permitted to be less than 1.10. The fixed charge coverage ratio at December 31, 2014 was 1.9.
- The leverage ratio, calculated as of the end of each fiscal quarter for the four fiscal quarters then ended, is not permitted to exceed 5.25. The leverage ratio at December 31, 2014 was 4.63.

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

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

Other Matters

Foreign Operations and Foreign Currency Transactions

We are subject to foreign currency translation fluctuations due to our foreign operations. For the years ended December 31, 2014, 2013 and 2012, exchange rate fluctuations resulted in a (decrease) increase to comprehensive income of \$(30.6) million, \$(10.0) million and \$5.9 million, respectively. Foreign currency transaction gains and losses result from transactions denominated in a currency which is different from the currency used by the entity to prepare its financial statements. Foreign currency transaction (gains) losses were \$(0.6) million \$0.5 million and \$1.7 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Recently Issued Accounting Guidance

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU 2014-09 requires an entity to recognize revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, the amendment provides five steps that an entity should apply when recognizing revenue. The amendment also specifies the accounting of some costs to obtain or fulfill a contract with a customer and expands the disclosure requirements around contracts with customers. An entity can either adopt this amendment retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the update recognized at the date of initial application. The amendment is effective for annual reporting periods beginning after December 15, 2016. Early adoption is not permitted. The Company is currently evaluating the impact of the adoption of ASU 2014-09 on the Company's financial statements.

In August 2014, the FASB issued ASU No. 2014-15, "Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"), which requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued and provides guidance on determining when and how to disclose going concern uncertainties in the financial statements. Certain disclosures will be required if conditions give rise to substantial doubt about an entity's ability to continue as a going concern. ASU 2014-15 applies to all entities and is effective for annual and interim reporting periods ending after December 15, 2016, with early adoption permitted. We do not expect that the adoption of this standard will have a material effect on the Company's financial statements.

Critical Accounting Policies

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

Revenue Recognition. We recognize revenue from product sales at the time of shipment or when title passes to the customer. We recognize revenue related to the procurement of certain untreated railroad crossties upon transfer of title, which occurs upon delivery to our plant and acceptance by the customer. Service revenue, consisting primarily of wood treating services, is recognized at the time the service is provided. Our recognition of revenue with respect to untreated crossties meets all the recognition criteria of the Securities and Exchange Commission's Staff Accounting Bulletin Topic 13.A.3, including transfer of title and risk of ownership, the existence of fixed purchase commitments and delivery schedules established by the customer and the completion of all performance obligations by us.

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

Inventories. In the United States, CMC and RUPS inventories are valued at the lower of cost, utilizing the last-in, first-out (“LIFO”) basis, or market. Remaining inventories are valued at the lower of cost, utilizing the first-in, first-out basis (“FIFO”), or market. Market represents replacement cost for raw materials and net realizable value for work in process and finished goods. LIFO inventories constituted approximately 61 percent and 62 percent of the FIFO inventory value at December 31, 2014 and 2013, respectively. In 2014, 2013 and 2012, we recorded inventory write-downs of \$2.4 million, \$0.6 million and \$0.4 million, respectively, related to lower of cost or market conditions.

Long-Lived Assets. Our management periodically evaluates the net realizable value of long-lived assets, including property, plant and equipment, based on a number of factors including operating results, projected future cash flows and business plans. We record long-lived assets at the lower of cost or fair value, with fair value based on assumptions concerning the amount and timing of estimated future cash flows. Since judgment is involved in determining the fair value of fixed assets, there is a risk that the carrying value of our long-lived assets may be overstated. During 2014 and 2013, we recorded fixed asset impairment charges of \$4.7 million and \$11.9 million, respectively, primarily consisting of write-downs related to the Company’s coal tar distillation facilities located in the Netherlands, China and the United States due to decisions to curtail operations or changes in estimates related to the expected useful lives of the facilities.

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

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

Identifiable intangible assets that do not have indefinite lives are amortized on a straight-line basis over their estimated useful lives. In connection with the acquisition of the wood preservation and the railroad services businesses of Osмосе Holdings Inc. in 2014, we have identifiable intangible assets of \$167.7 million as of December 31, 2014. We annually evaluate the remaining useful life of the intangible asset being amortized to determine whether events or circumstances warrant a revision to the remaining period of amortization. If the estimate of an intangible asset’s remaining useful life is changed, the remaining carrying amount of the intangible asset will be amortized prospectively over that revised remaining useful life. Identifiable intangible assets are also subject to testing for recoverability whenever events or changes indicate that its carrying value may not be recoverable.

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

Deferred Tax Assets. At December 31, 2014 our balance sheet included \$58.4 million of deferred tax assets, net of a \$32.4 million valuation allowance. We have determined that this valuation allowance is required for our deferred tax assets based on future earnings projections. In order to fully realize our deferred tax assets in relation to our temporary differences and exclusive to any net operating losses, we will have to generate approximately \$169 million of taxable income. The realization of these deferred tax assets is not subject to any expiration and is dependent upon the reversal of the underlying temporary differences. In order to fully realize our deferred tax assets (net of valuation allowances) in relation to our state net operating losses, we will have to generate approximately \$600 million of taxable income before any applicable adjustments and apportionment fractions per state laws between 2015 and 2026. To the extent that we encounter unexpected difficulties in market conditions, adverse changes in regulations affecting our businesses and operations, adverse outcomes in legal and environmental matters, or any other unfavorable conditions, the projections for future taxable income may be overstated and we may be required to record an increase in the valuation allowance related to these deferred tax assets which could have a material adverse effect on income in the future. In 2014, we recorded a deferred tax asset and offsetting valuation allowance

against that deferred tax asset of \$5.4 million for 2014 foreign net operating losses and other 2014 foreign items that most likely will not be deducted. In 2014, we recorded a deferred tax asset and offsetting valuation allowance against that deferred tax asset of \$5.8 million for foreign tax credits earned in prior tax years. In 2014, as a result of the Osmose acquisition, we recorded a deferred tax asset and offsetting valuation allowance against that deferred tax asset of \$1.5 million for acquired foreign net operating losses that most likely will not be deducted. Item 8. Financial Statements and Supplementary Data – Note 10 includes information on deferred tax activity during the past two years.

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

Asset Retirement Obligations. We measure asset retirement obligations based upon the applicable accounting guidance, using certain assumptions including estimates regarding the recovery of residues in storage tanks. In the event that operational or regulatory issues vary from our estimates, we could incur additional significant charges to income and increases in cash expenditures related to the disposal of those residues. Certain conditional asset retirement obligations related to facilities have not been recorded in the consolidated financial statements due to uncertainties surrounding the ultimate settlement date and estimate of fair value related to a legal obligation to perform an asset retirement activity. At the date a reasonable estimate of the ultimate settlement can be made, we will record an asset retirement obligation and such amounts may be material to the consolidated financial statements in the period in which they are recorded. In 2014, we recorded additional asset retirement obligations of \$4.1 million related to storage tank and railcar cleaning costs in the United States. Item 8. Financial Statements and Supplementary Data – Note 2 includes information on expense recognized during the past two years.

Derivative financial instruments. We use swap contracts to manage copper price risk associated with forecasted purchases of materials used in our manufacturing processes. Contracts are not held for trading or speculative purposes.

We recognize the fair value of the swap contracts as an asset or liability at each reporting date. We designates the swap contracts as cash flow hedges and the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive (loss) earnings until it is reclassified into earnings when the hedged transaction affects earnings. We utilize the dollar offset method to retrospectively measure hedge ineffectiveness. Gains and losses from hedge ineffectiveness are recognized in current earnings. Because of price volatility in the market price of copper and its effect on the dollar offset hedge effectiveness test, we may be required to recognize material unrealized gains and losses as a result of this measurement in current earnings.

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

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

We develop our demographics and utilize the work of third-party actuaries to assist in the measurement of these obligations. We have selected different discount rates for our pension plans and our other post-retirement benefit plans due to the different projected benefit payment patterns. In determining the assumed discount rates at December 31, 2014, we use our third party actuary's discount rate model. This model calculates an equivalent single discount rate for the projected benefit plan cash flows using a hypothetical bond portfolio to match expected cash flows under our benefit plans. The bonds used are rated AA or higher by a recognized rating agency and only non-callable bonds are included with the exception of those with a "make-whole call" feature. The actuary limited the selection to those bonds with a minimum of 100,000 outstanding issues. Outlier bonds whose yields exceeded two standard deviations from the yield curve derived from similar quality bonds were excluded.

Of the assumptions used to measure the year-end obligations and estimated annual net periodic benefit cost, the discount rate has the most significant effect on the periodic benefit cost reported for the plans. Decreasing the discount rates of 4.12 percent

for our pension plans and 4.32 percent for our other postretirement benefit plans by 0.25 would increase pension obligations and other postretirement benefit plan obligations by \$9.1 million and \$0.2 million, respectively, and would increase defined benefit pension expense and other postretirement benefit plan expense by \$0.7 million and \$0.0 million, respectively.

The asset rate of return assumption considers the asset mix of the plans (currently targeted at approximately 30 percent equity securities and 70 percent fixed income securities for the funded pension plans), past performance and other factors, including expected re-allocations of asset mix occurring within a reasonable period of time. Our asset rate of return assumption is 6.0 percent for 2015 defined benefit pension expense. Decreasing the 5.4 percent asset rate of return assumption by 0.25 would increase our defined benefit pension expense by \$0.6 million.

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

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

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

Litigation and Contingencies. We record liabilities related to legal matters when an adverse outcome is probable and reasonably estimable. To the extent we anticipate favorable outcomes to these matters which ultimately result in adverse outcomes, we could incur material adverse impacts on earnings and cash flows. Because such matters require significant judgments on the part of management, the recorded liabilities could be lower than what is ultimately required. Item 8. Financial Statements and Supplementary Data – Note 20 includes information about litigation and other contingencies.

Environmental Liabilities. We are subject to federal, state, local and foreign laws and regulations and potential liabilities relating to the protection of the environment and human health and safety, including, among other things, the cleanup of contaminated sites, the treatment, storage and disposal of wastes, the discharge of effluent into waterways, the emission of substances into the air and various health and safety matters. We expect to incur substantial costs for ongoing compliance with such laws and regulations. We may also incur costs as a result of governmental or third-party claims, or otherwise incur costs, relating to cleanup of, or for injuries resulting from, contamination at sites associated with past and present operations. We accrue for environmental liabilities when a determination can be made that they are probable and reasonably estimable. Item 8. Financial Statements and Supplementary Data – Note 20 includes information about environmental liabilities.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

To manage commodity price risk, we enter into swap contracts for future forecasted purchases of copper. This reduces the impact of commodity price volatility on gross profit. To manage the interest rate risks, we use a combination of fixed and variable rate debt. This reduces the impact of short-term fluctuations in interest rates. To manage foreign currency exchange rate risks, we use forward exchange contracts to hedge firm commitments up to twelve months and all such contracts are marked to market with the recognition of a gain or loss at each reporting period.

The following analyses present the sensitivity of the market value, earnings and cash flows of our financial instruments and foreign operations to hypothetical changes in interest and exchange rates as if these changes occurred at December 31, 2014 and 2013. The range of changes chosen for these analyses reflects our view of changes which are reasonably possible over a one-year period. Market values are the present values of projected future cash flows based on the interest rate and exchange rate assumptions. These forward-looking statements are selective in nature and only address the potential impacts from financial instruments and foreign operations. They do not include other potential effects that could impact our business as a result of these changes.

Commodity Price Sensitivity Analysis. Our exposure to market risk for changes in copper prices relates primarily to the purchase price of the raw material and the fixed price sales agreements we have with our customers. We utilize swap contracts

to manage this price risk. As of December 31, 2014, we had outstanding coppers swap contracts totaling 19.6 million pounds and the fair value of these contracts was a loss of \$6.5 million. This loss of \$3.8 million, net of tax, is recognized in other comprehensive loss. Holding other variables constant, if there were a 10 percent reduction in the December 31, 2014 market price of copper, the effect on other comprehensive loss for the year ended December 31, 2014 would be \$3.3 million.

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

At December 31, 2014 we had \$297.0 million of fixed rate debt and \$553.5 million of variable rate debt and at December 31, 2013 we had \$296.5 million of fixed rate debt and \$6.6 million of variable rate debt. Our ratio of variable rate debt to fixed rate debt at December 31, 2014 was approximately 186 percent. For fixed rate debt, interest rate changes affect the fair market value but do not impact earnings or cash flows. For variable rate debt, interest rate changes generally do not affect the fair market value but do impact future earnings and cash flows, assuming other factors are held constant.

Holding other variables constant (such as debt levels and foreign exchange rates), a one percentage point decrease in interest rates at December 31, 2014 and 2013 would have increased the unrealized fair market value of the fixed rate debt by approximately \$9.2 million and \$15.9 million, respectively. The earnings and cash flows for the year ending December 31, 2014, assuming a one percentage point increase in interest rates would have decreased approximately \$5.5 million, holding other variables constant for variable rate debt.

Exchange Rate Sensitivity Analysis. Our exchange rate exposures result primarily from our investment and ongoing operations in Australia, Denmark, New Zealand, Canada, the Netherlands, China and the United Kingdom. Holding other variables constant, if there were a ten percent reduction in all relevant exchange rates, the effect on our earnings, based on actual earnings from foreign operations for the years ended December 31, 2014 and 2013, would be reductions of approximately \$0.5 million and \$1.2 million, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**Koppers Holdings Inc.****INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Management has excluded Osmose, Inc. and Osmose Railroad Services, Inc., (subsequently renamed Koppers Performance Chemicals Inc. and Koppers Railroad Structures Inc., respectively), acquired from Osmose Holdings, Inc., (together, the "Osmose Entities"), from its assessment of internal controls over financial reporting as of December 31, 2014 because the Company acquired the Osmose Entities effective August 15, 2014. The Osmose Entities consist of wholly-owned subsidiaries which are included in the consolidated financial statements of Koppers Holdings Inc. as of and for the year ended December 31, 2014. The Osmose Entities constituted \$501.7 million and \$436.9 million of total assets and net assets, respectively, as of December 31, 2014 and \$144.3 million and \$5.3 million of net sales and income before income taxes, respectively, for the year ended December 31, 2014.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Management has assessed the effectiveness of Koppers Holdings Inc.'s internal control over financial reporting as of December 31, 2014. In making this assessment, management has utilized the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework (2013 Framework)*. Management concluded that based on its assessment, Koppers Holdings Inc.'s internal control over financial reporting was effective as of December 31, 2014.

The effectiveness of Koppers Holdings Inc.'s internal control over financial reporting as of December 31, 2014, has been audited by Ernst & Young LLP, the independent registered public accounting firm that also audited the consolidated financial statements included in this annual report, as stated in their attestation report which appears on page 46.

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March 2, 2015

/s/ LEROY M. BALL

Leroy M. Ball

President and Chief Executive Officer

/s/ MICHAEL J. ZUGAY

Michael J. Zugay

Chief Financial Officer

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Koppers Holdings Inc.:

We have audited the accompanying consolidated balance sheets of Koppers Holdings Inc. as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive (loss) income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Koppers Holdings Inc. at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Koppers Holdings Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 2, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP
Pittsburgh, Pennsylvania
March 2, 2015

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Koppers Holdings Inc.:

We have audited Koppers Holdings Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Koppers Holdings Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management's Report on Internal Control over Financial Reporting". Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

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

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

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Osrose, Inc. and Osrose Railroad Services, Inc. acquired from Osrose Holdings, Inc., (together, the "Osrose Entities"), which are included in the 2014 consolidated financial statements of Koppers Holdings Inc. and constituted \$501.7 million and \$436.9 million of total and net assets, respectively, as of December 31, 2014 and \$144.3 million and \$5.3 million of net sales and income before income taxes, respectively, for the year then ended. Our audit of internal control over financial reporting of Koppers Holdings Inc. also did not include an evaluation of the internal control over financial reporting of the Osrose Entities.

In our opinion, Koppers Holdings Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Koppers Holdings Inc. as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive (loss) income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2014 of Koppers Holdings Inc. and our report dated March 2, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP
Pittsburgh, Pennsylvania
March 2, 2015

KOPPERS HOLDINGS INC. CONSOLIDATED STATEMENT OF OPERATIONS

| | Year Ended December 31, | | |
|--|-------------------------|-----------|-----------|
| | 2014 | 2013 | 2012 |
| <i>(Dollars in millions, except share amounts)</i> | | | |
| Net sales | \$1,555.0 | \$1,478.3 | \$1,555.0 |
| Cost of sales (excluding items below) | 1,343.7 | 1,264.7 | 1,324.6 |
| Depreciation and amortization | 44.0 | 29.7 | 27.6 |
| Impairment and restructuring charges | 17.9 | 11.9 | 0.6 |
| Selling, general and administrative expenses | 116.2 | 71.7 | 75.6 |
| Operating profit | 33.2 | 100.3 | 126.6 |
| Other income | 0.0 | 3.5 | 1.9 |
| Interest expense | 39.1 | 26.8 | 27.9 |
| (Loss) income before income taxes | (5.9) | 77.0 | 100.6 |
| Income taxes | 34.1 | 36.8 | 33.3 |
| (Loss) income from continuing operations | (40.0) | 40.2 | 67.3 |
| Income (loss) from discontinued operations, net of tax benefit (expense) of \$(1.0), \$0.1 and \$0.2 | 0.6 | (0.1) | (0.1) |
| Net (loss) income | (39.4) | 40.1 | 67.2 |
| Net (loss) income attributable to noncontrolling interests | (7.0) | (0.3) | 1.6 |
| Net (loss) income attributable to Koppers | \$ (32.4) | \$ 40.4 | \$ 65.6 |
| (Loss) earnings per common share: | | | |
| Basic – | | | |
| Continuing operations | \$ (1.61) | \$ 1.96 | \$ 3.18 |
| Discontinued operations | 0.03 | 0.00 | (0.01) |
| (Loss) earnings per basic common share | \$ (1.58) | \$ 1.96 | \$ 3.17 |
| Diluted – | | | |
| Continuing operations | \$ (1.61) | \$ 1.94 | \$ 3.14 |
| Discontinued operations | 0.03 | 0.00 | (0.01) |
| (Loss) earnings per diluted common share | \$ (1.58) | \$ 1.94 | \$ 3.13 |
| Weighted average common shares outstanding <i>(in thousands)</i> : | | | |
| Basic | 20,463 | 20,575 | 20,681 |
| Diluted | 20,463 | 20,815 | 20,927 |
| Dividends declared per common share | \$ 1.00 | \$ 1.00 | \$ 0.96 |

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS) INCOME

| | Year Ended December 31, | | |
|---|-------------------------|--------|--------|
| | 2014 | 2013 | 2012 |
| <i>(Dollars in millions)</i> | | | |
| Net (loss) income | \$(39.4) | \$40.1 | \$67.2 |
| Changes in other comprehensive income (loss): | | | |
| Currency translation adjustment | (26.0) | (0.6) | 4.0 |
| Foreign currency transactions of long-term subsidiary investments | (4.6) | (9.4) | 1.8 |
| Change in derivative financial instrument net loss, net of tax benefit (expense) of \$2.6, \$0.0 and \$0.0 | (3.8) | 0.0 | 0.0 |
| Unrecognized pension transition asset, net of tax benefit (expense) of \$0.0, \$0.0 and \$0.1 | 0.0 | 0.0 | (0.3) |
| Unrecognized pension prior service (benefit) cost, net of tax benefit (expense) of \$0.1, \$(0.7) and \$0.0 | (0.2) | 1.1 | 0.0 |
| Unrecognized pension net (loss) gain, net of tax benefit (expense) of \$8.0, \$(12.8) and \$(2.3) | (15.9) | 21.3 | 2.8 |
| Total comprehensive (loss) income | (89.9) | 52.5 | 75.5 |
| Comprehensive (loss) income attributable to noncontrolling interests | (7.4) | 0.2 | 1.8 |
| Comprehensive (loss) income attributable to Koppers | \$(82.5) | \$52.3 | \$73.7 |

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

**KOPPERS HOLDINGS INC.
CONSOLIDATED BALANCE SHEET**

December 31,

2014 2013

(Dollars in millions, except share amounts)

Assets

| | | |
|--|-----------|---------|
| Cash and cash equivalents | \$ 51.1 | \$ 82.2 |
| Accounts receivable, net of allowance of \$5.6 and \$3.6 | 198.7 | 157.9 |
| Income tax receivable | 0.0 | 9.0 |
| Inventories, net | 241.2 | 168.8 |
| Deferred tax assets | 10.5 | 10.0 |
| Loan to related party | 9.5 | 9.5 |
| Other current assets | 30.3 | 35.7 |
| Total current assets | 541.3 | 473.1 |
| Equity in non-consolidated investments | 5.0 | 6.6 |
| Property, plant and equipment, net | 299.7 | 197.0 |
| Goodwill | 247.2 | 72.7 |
| Intangible assets, net | 167.7 | 12.2 |
| Deferred tax assets | 7.8 | 9.3 |
| Other assets | 25.2 | 14.0 |
| Total assets | \$1,293.9 | \$784.9 |

Liabilities

| | | |
|--------------------------------------|----------|---------|
| Accounts payable | \$ 120.6 | \$107.6 |
| Accrued liabilities | 122.5 | 82.4 |
| Dividends payable | 5.1 | 5.1 |
| Current maturities of long-term debt | 43.9 | 0.0 |
| Total current liabilities | 292.1 | 195.1 |
| Long-term debt | 806.6 | 303.1 |
| Accrued postretirement benefits | 54.7 | 41.6 |
| Deferred tax liabilities | 10.2 | 14.7 |
| Other long-term liabilities | 46.4 | 40.6 |
| Total liabilities | 1,210.0 | 595.1 |

Commitments and contingent liabilities (Note 20)

Equity

| | | |
|---|-----------|---------|
| Senior Convertible Preferred Stock, \$0.01 par value per share; 10,000,000 shares authorized; no shares issued | 0.0 | 0.0 |
| Common Stock, \$0.01 par value per share; 40,000,000 shares authorized; 21,938,260 and 21,722,492 shares issued | 0.2 | 0.2 |
| Additional paid-in capital | 164.5 | 158.9 |
| Retained earnings | 18.0 | 71.3 |
| Accumulated other comprehensive loss | (60.3) | (10.2) |
| Treasury stock, at cost; 1,443,248 and 1,390,494 shares | (52.4) | (50.4) |
| Total Koppers shareholders' equity | 70.0 | 169.8 |
| Noncontrolling interests | 13.9 | 20.0 |
| Total equity | 83.9 | 189.8 |
| Total liabilities and equity | \$1,293.9 | \$784.9 |

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

KOPPERS HOLDINGS INC. CONSOLIDATED STATEMENT OF CASH FLOWS

| | Year Ended December 31, | | |
|---|-------------------------|---------|---------|
| | 2014 | 2013 | 2012 |
| <i>(Dollars in millions)</i> | | | |
| Cash (used in) provided by operating activities | | | |
| Net income | \$ (39.4) | \$ 40.1 | \$ 67.2 |
| Adjustments to reconcile net cash provided by operating activities: | | | |
| Depreciation and amortization | 44.0 | 29.7 | 27.6 |
| Impairment charges | 4.7 | 11.9 | 0.6 |
| Deferred income taxes | 2.5 | 19.5 | 8.0 |
| Equity loss (income), net of dividends received | 1.6 | (0.8) | (0.8) |
| (Gain) loss on sale of assets | 0.0 | (2.3) | 0.1 |
| Change in other liabilities | (10.3) | (16.4) | (11.2) |
| Non-cash interest expense | 4.2 | 1.7 | 1.7 |
| Stock-based compensation | 4.7 | 4.3 | 6.9 |
| Other | 1.0 | 0.5 | (1.1) |
| Decrease (increase) in working capital: | | | |
| Accounts receivable | 13.4 | 2.9 | (0.2) |
| Inventories | (14.0) | 21.6 | (26.5) |
| Accounts payable | (10.6) | 4.9 | (0.1) |
| Accrued liabilities and other working capital | 33.7 | 0.0 | 5.6 |
| Net cash provided by operating activities | 35.5 | 117.6 | 77.8 |
| Cash provided by (used in) investing activities | | | |
| Capital expenditures | (83.8) | (72.9) | (28.9) |
| Acquisitions, net of cash acquired | (496.5) | (2.3) | (14.0) |
| Net cash proceeds from loan to related party | 0.0 | 0.0 | 2.2 |
| Net cash proceeds from divestitures and asset sales | 0.3 | 2.9 | 0.8 |
| Net cash used in investing activities | (580.0) | (72.3) | (39.9) |
| Cash provided by (used in) financing activities | | | |
| Borrowings of revolving credit | 572.5 | 97.9 | 259.4 |
| Repayments of revolving credit | (368.0) | (97.9) | (265.8) |
| Borrowings of long-term debt | 343.0 | 6.6 | 0.0 |
| Issuances of Common Stock | 0.7 | 0.2 | 1.5 |
| Repurchases of Common Stock | (2.0) | (17.5) | (8.1) |
| Proceeds from issuance of noncontrolling interest | 1.4 | 2.3 | 3.7 |
| Excess tax benefit from employee stock plans | 0.0 | 0.5 | 1.6 |
| Payment of deferred financing costs | (11.1) | (1.3) | (0.1) |
| Dividends paid | (20.4) | (21.1) | (19.5) |
| Net cash provided by (used in) financing activities | 516.1 | (30.3) | (27.3) |
| Effect of exchange rates on cash | (2.7) | 0.5 | 2.0 |
| Net (decrease) increase in cash and cash equivalents | (31.1) | 15.5 | 12.6 |
| Cash and cash equivalents at beginning of year | 82.2 | 66.7 | 54.1 |
| Cash and cash equivalents at end of year | \$ 51.1 | \$ 82.2 | \$ 66.7 |
| Supplemental disclosure of cash flows information: | | | |
| Cash paid during the year for: | | | |
| Interest | \$ 32.9 | \$ 25.1 | \$ 26.0 |
| Income taxes | 16.1 | 20.5 | 13.6 |

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

KOPPERS HOLDINGS INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

| | Year Ended December 31, | | |
|---|-------------------------|----------------|----------------|
| | 2014 | 2013 | 2012 |
| <i>(Dollars in millions)</i> | | | |
| Senior Convertible Preferred Stock | | | |
| Balance at beginning and end of year | \$ 0.0 | \$ 0.0 | \$ 0.0 |
| Common Stock | | | |
| Balance at beginning and end of year | 0.2 | 0.2 | 0.2 |
| Additional paid-in capital | | | |
| Balance at beginning of year | 158.9 | 153.3 | 142.9 |
| Employee stock plans | 5.6 | 5.6 | 10.4 |
| Balance at end of year | 164.5 | 158.9 | 153.3 |
| Retained earnings | | | |
| Balance at beginning of year | 71.3 | 52.0 | 6.7 |
| Net (loss) income attributable to Koppers | (32.4) | 40.4 | 65.6 |
| Common Stock dividends | (20.9) | (21.1) | (20.3) |
| Balance at end of year | 18.0 | 71.3 | 52.0 |
| Accumulated other comprehensive loss | | | |
| Currency translation adjustment: | | | |
| Balance at beginning of year | 24.0 | 34.5 | 28.8 |
| Change in currency translation adjustment excluding foreign currency transactions of long-term subsidiary investments | (25.7) | (1.1) | 3.9 |
| Change in foreign currency transactions of long-term subsidiary investments | (4.6) | (9.4) | 1.8 |
| Balance at end of year | (6.3) | 24.0 | 34.5 |
| Unrecognized losses on cash flow hedges: | | | |
| Balance at beginning of year | 0.0 | 0.0 | 0.0 |
| Reclassification of unrealized losses on cash flow hedges to expense, net of tax benefit of \$0.2, \$0.0 and \$0.0 | 0.3 | 0.0 | 0.0 |
| Change in deferred losses on cash flow hedges, net of tax (benefit) of \$(2.8), \$0.0 and \$0.0 | (4.1) | 0.0 | 0.0 |
| Balance at end of year | (3.8) | 0.0 | 0.0 |
| Unrecognized pension transition asset: | | | |
| Balance at beginning of year | 0.0 | 0.0 | 0.3 |
| Reclassification of unrecognized pension transition asset to expense, net of tax (benefit) of \$0.0, \$0.0 and \$(0.1) | 0.0 | 0.0 | (0.3) |
| Balance at end of year | 0.0 | 0.0 | 0.0 |
| Unrecognized pension prior service benefit (cost): | | | |
| Balance at beginning of year | 0.8 | (0.2) | (0.2) |
| Reclassification of unrecognized prior service (benefit) cost to (income) expense, net of tax (benefit) expense of \$(0.1), \$0.1 and \$0.0 | (0.1) | 0.1 | 0.0 |
| Revaluation of unrecognized pension prior service cost, net of tax expense of \$0.0, \$0.6 and \$0.0 | 0.0 | 0.9 | 0.0 |
| Balance at end of year | 0.7 | 0.8 | (0.2) |
| Unrecognized pension net loss: | | | |
| Balance at beginning of year | (35.0) | (56.3) | (59.1) |
| Reclassification of unrecognized pension net loss to expense, net of tax expense of \$1.4, \$2.8 and \$3.1 | 2.4 | 4.7 | 5.3 |
| Revaluation of unrecognized pension net loss, net of tax (benefit) expense of \$(9.4), \$10.0 and \$(0.9) | (18.3) | 16.6 | (2.5) |
| Balance at end of year | (50.9) | (35.0) | (56.3) |
| Total balance at end of year | (60.3) | (10.2) | (22.0) |
| Treasury stock | | | |
| Balance at beginning of year | (50.4) | (32.9) | (24.8) |
| Purchases | (2.0) | (17.5) | (8.1) |
| Balance at end of year | (52.4) | (50.4) | (32.9) |
| Total Koppers shareholders' equity – end of year | 70.0 | 169.8 | 150.6 |
| Noncontrolling interests | | | |
| Balance at beginning of year | 20.0 | 17.5 | 12.4 |
| Net (loss) income attributable to noncontrolling interests | (7.0) | (0.3) | 1.6 |
| Investment in noncontrolling interests | 1.3 | 2.3 | 3.3 |
| Currency translation adjustment | (0.4) | 0.5 | 0.2 |
| Balance at end of year | 13.9 | 20.0 | 17.5 |
| Total equity – end of year | \$ 83.9 | \$189.8 | \$168.1 |

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

KOPPERS HOLDINGS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business

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

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

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

The Company’s Railroad and Utility Products and Services segment sells treated and untreated wood products, rail joint bars and services primarily to the railroad industry and treated wood products to the utility industry. Railroad products include procuring and treating items such as crossties, switch ties and various types of lumber used for railroad bridges and crossings and the manufacture of rail joint bars. Utility products include transmission and distribution poles and pilings. The segment also produces concrete crossties through a joint venture.

The Company’s Performance Chemicals segment develops, manufactures, and markets wood preservation chemicals and wood treatment technologies and services a diverse range of end-markets including infrastructure, residential and commercial construction, and agriculture.

2. Summary of Significant Accounting Policies

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

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

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

Foreign currency transaction gains and losses result from transactions denominated in a currency which is different than the currency used by the entity to prepare its financial statements. Foreign currency transaction gains (losses) were \$0.6 million, \$(0.5) million and \$(1.7) million for the years ended December 31, 2014, 2013 and 2012, respectively.

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

The Company recognizes revenue related to the procurement of certain untreated railroad cross-ties upon transfer of title to the customer, which occurs upon delivery to the Company's plant and acceptance by the customer. Service revenue, consisting primarily of wood treating services, is recognized at the time the service is provided. Payment on sales of untreated railroad cross-ties and wood treating services are generally due within 30 days of the invoice date. The Company's recognition of revenue with respect to untreated cross-ties meets all the recognition criteria of Securities and Exchange Commission Staff Accounting Bulletin Topic 13.A.3., including transfer of title and risk of ownership, the existence of fixed purchase commitments and delivery schedules established by the customer, and the completion of all performance obligations by the Company. Revenue recognized for untreated cross-tie sales for the years ended December 31, 2014, 2013 and 2012 amounted to \$93.4 million, \$108.3 million and \$109.0 million, respectively.

Research and development – Research and development costs are expensed as incurred and are included in selling, general and administrative expenses. These costs totaled \$3.1 million in 2014, \$2.4 million in 2013 and \$2.3 million in 2012.

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

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

Inventories – Inventories are carried at lower of cost or market on a worldwide basis. In the U.S., inventory cost (excluding miscellaneous types of inventory) is determined primarily utilizing the last-in, first-out ("LIFO") basis. Inventory cost outside the U.S. is determined utilizing the first-in, first-out ("FIFO") basis. Market represents replacement cost for raw materials and net realizable value for work in process and finished goods. LIFO inventories constituted approximately 61 percent and 62 percent of the FIFO inventory value at December 31, 2014 and 2013, respectively.

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

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

Goodwill and other intangible assets – Goodwill and other purchased intangible assets are included in the identifiable assets of the business segment to which they have been assigned. The Company performs impairment tests annually for goodwill, and more often as circumstances require. When it is determined that impairment has occurred, an appropriate charge to earnings is recorded. The Company performed its annual impairment test in the fourth quarters of 2014 and 2013 and determined that the estimated fair values substantially exceeded the carrying values of all the reporting units and accordingly, there was no impairment of goodwill.

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

Deferred income taxes – Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax laws is recognized in earnings in the period the new laws are enacted. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets unless it is more likely than not that such assets will be realized. Deferred tax liabilities have not been recognized for the undistributed earnings of certain foreign subsidiaries because management intends to permanently reinvest such earnings in foreign operations.

Self-insured liabilities – The Company is self-insured for property, casualty and workers' compensation exposures up to various stop-loss coverage amounts. Losses are accrued based upon the Company's estimates of the liability for the related deductibles of claims incurred. Such estimates utilize actuarial methods based on various assumptions, which include but are not limited to, the Company's historical loss experience and projected loss development factors. In 2014 and 2013, reversals of self-insured liabilities occurred as a result of favorable loss trends related to self-insured claims.

| | 2014 | 2013 |
|---|--------|--------|
| <i>(Dollars in millions)</i> | | |
| Self-insured liabilities at beginning of year | \$ 8.4 | \$ 7.6 |
| Expense | 2.4 | 2.5 |
| Reversal of self-insured liabilities | (0.8) | (0.4) |
| Cash expenditures | (1.8) | (1.3) |
| Self-insured liabilities at end of year | \$ 8.2 | \$ 8.4 |

Derivative financial instruments – The Company uses swap contracts to manage copper price risk associated with forecasted purchases of materials used in the Company's manufacturing processes. The Company uses forward exchange contracts to hedge exposure to currency exchange rate changes on transactions and other commitments denominated in a foreign currency. Contracts are not held for trading or speculative purposes. The Company recognizes the fair value of the swap contracts and forward contracts as an asset or liability at each reporting date. The Company designates the swap contracts as cash flow hedges and the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive (loss) earnings until it is reclassified into earnings when the hedged transaction affects earnings. Gains and losses from hedge ineffectiveness are recognized in current earnings. Because the Company has not elected to designate the forward exchange contracts for hedge accounting treatment, changes in the fair value of the forward exchange contracts are recognized immediately in earnings.

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

The Company recognizes asset retirement obligations for the removal and disposal of residues; dismantling of certain tanks required by governmental authorities; cleaning and dismantling costs for owned rail cars; cleaning costs for leased rail cars and barges; and site demolition.

The following table describes changes to the Company's asset retirement obligation liabilities at December 31, 2014 and 2013:

| | 2014 | 2013 |
|--|--------|--------|
| <i>(Dollars in millions)</i> | | |
| Asset retirement obligation at beginning of year | \$23.2 | \$21.5 |
| Accretion expense | 2.3 | 1.2 |
| Revision in estimated cash flows | 10.3 | 6.7 |
| Cash expenditures | (4.6) | (5.6) |
| Currency translation | (0.7) | (0.6) |
| Asset retirement obligation at end of year | \$30.5 | \$23.2 |

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

Other current assets – Included in other current assets are prepaid expenses totaling \$20.6 million and \$17.3 million at December 31, 2014 and 2013, respectively.

Environmental liabilities – The Company accrues for remediation costs and penalties when the responsibility to remediate is probable and the amount of related cost is reasonably estimable. If only a range of potential liability can be estimated and no amount within the range is more probable than another, the accrual is recorded at the low end of that range. Remediation liabilities are discounted if the amount and timing of the cash disbursements are readily determinable.

Deferred revenue from extended product warranty liabilities – The Company defers revenues associated with extended product warranty liabilities based on historical loss experience and sales of extended warranties on certain products. The following table describes changes to the Company's deferred revenue at December 31, 2014 and 2013:

| | 2014 | 2013 |
|---------------------------------------|--------|--------|
| <i>(Dollars in millions)</i> | | |
| Deferred revenue at beginning of year | \$ 3.2 | \$ 3.9 |
| Revenue earned | (0.7) | (0.7) |
| Deferred revenue at end of year | \$ 2.5 | \$ 3.2 |

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

3. New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU 2014-09 requires an entity to recognize revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, the amendment provides five steps that an entity should apply when recognizing revenue. The amendment also specifies the accounting of some costs to obtain or fulfill a contract with a customer and expands the disclosure requirements around contracts with customers. An entity can either adopt this amendment retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the update recognized at the date of initial application. The amendment is effective for annual reporting periods beginning after December 15, 2016. Early adoption is not permitted. The Company is currently evaluating the impact of the adoption of ASU 2014-09 on the Company's financial statements.

In August 2014, the FASB issued ASU No. 2014-15, "Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"), which requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued and provides guidance on determining when and how to disclose going concern uncertainties in the financial statements. Certain disclosures will be required if conditions give rise to substantial doubt about an entity's ability to continue as a going concern. ASU 2014-15 applies to all entities and is effective for annual and interim reporting periods ending after December 15, 2016, with early adoption permitted. We do not expect that the adoption of this standard will have a material effect on the Company's financial statements.

4. Plant Closures and Discontinued Operations

On January 22, 2014, the Company announced its decision to discontinue coal tar distillation activities at its facility located in Uithoorn, the Netherlands. The decision was made as a result of a detailed analysis of its overall European manufacturing asset footprint in light of deteriorating market conditions in Europe and a variety of other factors, including regulatory requirements

for significant capital expenditures at the facility. The Company has discontinued distillation activities and expects to complete closure at the site by the end of 2015. For the year ended December 31, 2014, the Company recorded closure costs of \$13.0 million for severance and site demolition liabilities. In the fourth quarter of 2013, the Company recorded an asset impairment charge of \$6.9 million related to the facility. The facility is part of the Carbon Materials and Chemicals segment.

In December 2011, the Company ceased manufacturing operations at its carbon black facility located in Kurnell, Australia. This decision was made as a result of deteriorating business conditions including raw material availability and cost, competition in the export markets due to the strength of the Australian dollar and a variety of other factors. The closure is expected to be completed during 2015. The facility is part of the Carbon Materials and Chemicals segment.

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

| | Severance and employee benefits | Environmental remediation | Site demolition | Other | Total |
|------------------------------|--|------------------------------|--------------------|--------|---------|
| <i>(Dollars in millions)</i> | | | | | |
| Reserve at December 31, 2012 | \$ 0.2 | \$ 6.7 | \$ 6.3 | \$ 0.1 | \$ 13.3 |
| Reversal of accrued charges | (0.1) | 0.0 | (0.3) | 0.0 | (0.4) |
| Cash paid | 0.0 | (0.1) | (2.0) | (0.1) | (2.2) |
| Currency translation | 0.0 | (1.0) | (0.7) | 0.0 | (1.7) |
| Reserve at December 31, 2013 | \$ 0.1 | \$ 5.6 | \$ 3.3 | \$ 0.0 | \$ 9.0 |
| Accrual | 9.8 | 0.0 | 3.2 | 0.1 | 13.1 |
| Reversal of accrued charges | 0.0 | (1.1) | (0.9) | 0.0 | (2.0) |
| Cash paid | (9.7) | 0.0 | (1.3) | 0.0 | (11.0) |
| Currency translation | (0.2) | (0.4) | (0.4) | 0.0 | (1.0) |
| Reserve at December 31, 2014 | \$ 0.0 | \$ 4.1 | \$ 3.9 | \$ 0.1 | \$ 8.1 |

5. Business Acquisitions

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

Koppers Ashcroft – On January 20, 2014, the Company acquired the crosstie treating business and related manufacturing facility of Tolko Industries Ltd. located in Ashcroft, British Columbia, Canada. The purchase price was \$29.8 million, and was funded primarily by available cash. The allocation of purchase price to acquired assets primarily consisted of inventory totaling \$16.0 million, plant and equipment totaling \$3.6 million, intangible assets consisting primarily of customer relationships totaling \$7.4 million and Canadian tax deductible goodwill of \$1.8 million. The goodwill is allocated to the Railroad and Utility Products and Services segment and the customer contracts will be amortized over a period of 12 years.

Osmose Entities – On August 15, 2014, pursuant to the terms and conditions of a stock purchase agreement, Koppers Inc. acquired Osmose, Inc. and Osmose Railroad Services, Inc. (together, the “Osmose Entities”) from Osmose Holdings, Inc. The aggregate cash purchase price was \$494.1 million, net of cash acquired of \$27.2 million. The cash purchase price was funded by a new credit agreement with a consortium of banks which provides for a \$500 million revolving credit facility and a \$300 million term loan. Acquisition-related costs were \$5.9 million in 2014 and \$0.3 million in 2013 and are reported in selling, general and administrative expenses.

Subsequent to the acquisition, Osmose, Inc. was renamed Koppers Performance Chemicals Inc. and Osmose Railroad Services, Inc. was renamed Koppers Railroad Structures Inc. Koppers Performance Chemicals Inc.’s wood preservation business develops, manufactures and sells wood preservation chemicals and wood treatment technologies for infrastructure, residential and commercial construction, and agricultural markets. The wood preservation business has operations and sales in North America, South America, Europe, and Australasia. Substantially all of the businesses of Koppers Performance Chemicals Inc. are reported

as a new segment, Performance Chemicals. Koppers Railroad Structures Inc. is a provider of railroad infrastructure services, including bridge inspection, engineering, maintenance and repair, and construction services for the Class I and shortline railroads in North America. Koppers Railroad Structures Inc. and one wood treating company are reported as part of the Railroad and Utility Products and Services segment.

The Osmose Entities had revenues of \$391.5 million and net income from continuing operations of \$19.3 million for the year ended December 31, 2013. Revenue and operating profit from the Osmose Entities included in our results for the twelve months ended December 31, 2014 totaled \$144.3 million and \$5.2 million, respectively. Operating profit is net of the amortization of the finished goods inventory value step-up of \$3.5 million recognized on the date of acquisition.

The Company has completed a preliminary valuation analyses to determine the fair values of the Osmose Entities' assets and liabilities. Accordingly, the financial statements include a preliminary fair value determination based on assumptions and estimates that, while considered reasonable under the circumstances, are subject to changes, which may be material.

Upon completion of the valuation analyses, there may be additional increases or decreases to the recorded book values of the acquired assets and liabilities, including but not limited to inventories, brands, trademarks, customer relationships and other intangible assets, and property, plant and equipment that could give rise to future amounts of depreciation and amortization expense and changes in related deferred taxes that are not reflected in the financial statements. Accordingly, once the necessary valuation analyses have been performed and the final fair value determination has been completed, actual results may differ materially from the information presented in these financial statements.

The following table summarizes the Company's preliminary fair value estimates for the Osmose Entities:

| <i>(Dollars in millions)</i> | <i>Initial Allocation</i> |
|-------------------------------|-------------------------------|
| Cash and cash equivalents | \$ 27.2 |
| Accounts receivable, net | 60.3 |
| Inventories, net | 51.9 |
| Other current assets | 3.3 |
| Property, plant and equipment | 57.9 |
| Goodwill | 178.8 |
| Intangible assets | 158.9 |
| Other assets | 10.3 |
| Total assets acquired | 548.6 |
| Accounts payable | 21.2 |
| Accrued liabilities | 18.1 |
| Other liabilities | 15.2 |
| Total liabilities assumed | 54.5 |
| Net assets acquired | \$494.1 |

Goodwill is calculated as the excess of the consideration transferred over the assets acquired and represents the estimated future economic benefits arising from the other assets acquired that could not be individually identified and separately recognized. Goodwill of \$175.4 million and \$3.4 million has been allocated, on a preliminary basis, to the Performance Chemicals segment and the Railroad and Utility Products and Services segment, respectively. The Company expects that approximately \$150 million of the goodwill recognized will be deductible for tax purposes, but this determination is dependent upon the finalization of the purchase price allocation process.

The following unaudited pro forma information presents a summary of the Company's revenues and net income from continuing operations as if the acquisition occurred on January 1, 2013. The unaudited pro forma information is not necessarily indicative of operating results that would have been achieved had the acquisition been completed as of January 1, 2013 and does not intend to project the future financial results of the Company after the acquisition of the Osmose Entities. The unaudited pro forma information is based on certain assumptions, which management believes are reasonable, and do not reflect the cost of any integration activities or the benefits from the acquisition and synergies that may be derived from any integration activities.

| | <i>Year Ended December 31,</i> | |
|--|--------------------------------|-------------|
| | <i>2014</i> | <i>2013</i> |
| <i>(Dollars in millions)</i> | | |
| Revenue | \$1,819.6 | \$1,864.1 |
| (Loss) income from continuing operations attributable to Koppers | (13.0) | 41.5 |

Pro forma adjustments reflected in the unaudited pro forma information are based on items that are directly attributable to the acquisition of the Osmose Entities and related financing that are factually supportable and are expected to have a continuing impact on Koppers. These adjustments include, but are not limited to, depreciation and amortization related to fair value adjustments to property, plant and equipment and intangible assets, interest expense on acquisition-related debt, removal of acquisition-related transaction expenses, elimination of finished goods inventory step up, elimination of intercompany sales and related income tax effects of the pro forma adjustments.

6. Fair Value Measurements

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

| | <i>December 31, 2014</i> | | <i>December 31, 2013</i> | |
|--|--------------------------|-----------------------|--------------------------|-----------------------|
| | <i>Fair Value</i> | <i>Carrying Value</i> | <i>Fair Value</i> | <i>Carrying Value</i> |
| <i>(Dollars in millions)</i> | | | | |
| Financial assets: | | | | |
| Cash and cash equivalents, including restricted cash | \$ 51.1 | \$ 51.1 | \$ 82.2 | \$ 82.2 |
| Investments and other assets ^(a) | 1.5 | 1.5 | 1.4 | 1.4 |
| Financial liabilities: | | | | |
| Long-term debt (including current portion) | \$862.1 | \$850.5 | \$331.2 | \$303.1 |

(a) Excludes equity method investments.

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

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

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

7. Earnings per Common Share

The computation of basic earnings per common share for the periods presented is based upon the weighted average number of common shares outstanding during the periods. The computation of diluted earnings per common share includes the effect of nonvested nonqualified stock options and restricted stock units assuming such options and stock units were outstanding common shares at the beginning of the period. The effect of antidilutive securities and performance restricted stock units that have not met vesting criteria are excluded from the computation of diluted earnings per common share.

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

| | <i>Year Ended December 31,</i> | | |
|---|--------------------------------|-------------|-------------|
| | <i>2014</i> | <i>2013</i> | <i>2012</i> |
| <i>(Dollars in millions, except share amounts, in thousands, and per share amounts)</i> | | | |
| Net (loss) income attributable to Koppers | \$ (32.4) | \$ 40.4 | \$ 65.6 |
| Less: discontinued operations | 0.6 | (0.1) | (0.1) |
| (Loss) income from continuing operations attributable to Koppers | \$ (33.0) | \$ 40.5 | \$ 65.7 |
| Weighted average common shares outstanding: | | | |
| Basic | 20,463 | 20,575 | 20,681 |
| Effect of dilutive securities | 0 | 240 | 246 |
| Diluted | 20,463 | 20,815 | 20,927 |
| (Loss) earnings per common share – continuing operations: | | | |
| Basic (loss) earnings per common share | \$ (1.61) | \$ 1.96 | \$ 3.18 |
| Diluted (loss) earnings per common share | (1.61) | 1.94 | 3.14 |
| Other data: | | | |
| Antidilutive securities excluded from computation of diluted earnings per common share | 362 | 240 | 194 |

8. Stock-based Compensation

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

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

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

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

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

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

| <i>Performance Period</i> | <i>Minimum Shares</i> | <i>Target Shares</i> | <i>Maximum Shares</i> |
|---------------------------|-----------------------|----------------------|-----------------------|
| 2012 – 2014 | 0 | 87,039 | 130,559 |
| 2013 – 2015 | 0 | 85,207 | 127,811 |
| 2014 – 2016 | 0 | 102,149 | 153,224 |

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

| | Restricted Stock Units | Performance Stock Units | Total Stock Units | Weighted Average Grant Date Fair Value per Unit |
|---------------------------------|---------------------------|----------------------------|----------------------|---|
| Non-vested at January 1, 2014 | 148,836 | 319,984 | 468,820 | \$40.30 |
| Granted | 99,867 | 108,506 | 208,373 | \$37.92 |
| Credited from dividends | 3,813 | 8,425 | 12,238 | \$38.52 |
| Vested | (90,915) | (132,317) | (223,232) | \$40.00 |
| Forfeited | (12,695) | (24,218) | (36,913) | \$39.51 |
| Non-vested at December 31, 2014 | 148,906 | 280,380 | 429,286 | \$39.31 |

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

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

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

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

The following table shows a summary of the status and activity of stock options for the year ended December 31, 2014:

| | Options | Weighted Average Exercise Price per Option | Weighted Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value (in millions) |
|----------------------------------|----------|--|---|--|
| Outstanding at December 31, 2013 | 421,080 | \$35.96 | | |
| Granted | 106,658 | \$37.93 | | |
| Exercised | (26,349) | \$25.51 | | |
| Expired | (17,870) | \$40.14 | | |
| Forfeited | (34,707) | \$39.75 | | |
| Outstanding at December 31, 2014 | 448,812 | \$36.58 | 5.96 | \$0.2 |
| Exercisable at December 31, 2014 | 276,824 | \$34.71 | 4.54 | \$0.2 |

The intrinsic value of stock options exercised in 2014, 2013 and 2012 totaled \$0.3 million, \$0.0 million and \$2.0 million, respectively.

Total stock-based compensation expense recognized and cash received from the exercise of stock options for the three years ended December 31, 2014 is as follows:

| | <i>Year Ended December 31,</i> | | |
|---|--------------------------------|-------------|-------------|
| | <i>2014</i> | <i>2013</i> | <i>2012</i> |
| <i>(Dollars in millions)</i> | | | |
| Stock-based compensation expense recognized: | | | |
| Selling, general and administrative expenses | \$4.7 | \$4.3 | \$6.9 |
| Less related income tax benefit | 1.9 | 1.7 | 2.8 |
| Decrease in net income attributable to Koppers | \$2.8 | \$2.6 | \$4.1 |
| Cash received from the exercise of stock options | \$0.7 | \$0.2 | \$1.6 |

As of December 31, 2014 total future compensation expense related to non-vested stock-based compensation arrangements totaled \$3.6 million and the weighted-average period over which this expense is expected to be recognized is approximately 21 months.

9. Segment Information

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

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

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

The Company's Performance Chemicals segment develops, manufactures, and markets wood preservation chemicals and wood treatment technologies and services a diverse range of end-markets including infrastructure, residential and commercial construction, and agriculture.

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:

| | Year Ended December 31, | | |
|---|-------------------------|-----------|-----------|
| | 2014 | 2013 | 2012 |
| <i>(Dollars in millions)</i> | | | |
| Revenues from external customers: | | | |
| Carbon Materials and Chemicals | \$ 833.7 | \$ 906.1 | \$ 999.7 |
| Railroad and Utility Products and Services | 597.8 | 572.2 | 555.3 |
| Performance Chemicals | 123.5 | 0.0 | 0.0 |
| Total | \$1,555.0 | \$1,478.3 | \$1,555.0 |
| Intersegment revenues: | | | |
| Carbon Materials and Chemicals | \$ 84.8 | \$ 94.2 | \$ 106.5 |
| Performance Chemicals | 3.0 | 0.0 | 0.0 |
| Total | \$ 87.8 | \$ 94.2 | \$ 106.5 |
| Depreciation and amortization^(a): | | | |
| Carbon Materials and Chemicals | \$ 25.0 | \$ 18.2 | \$ 16.9 |
| Railroad and Utility Products and Services | 11.9 | 11.5 | 10.7 |
| Performance Chemicals | 7.1 | 0.0 | 0.0 |
| Total | \$ 44.0 | \$ 29.7 | \$ 27.6 |
| Operating profit: | | | |
| Carbon Materials and Chemicals | \$ (5.3) | \$ 43.9 | \$ 83.1 |
| Railroad and Utility Products and Services | 53.6 | 58.3 | 45.1 |
| Performance Chemicals | 1.6 | 0.0 | 0.0 |
| Corporate ^(b) | (16.7) | (1.9) | (1.6) |
| Total | \$ 33.2 | \$ 100.3 | \$ 126.6 |
| Capital expenditures (including acquisitions): | | | |
| Carbon Materials and Chemicals | \$ 63.7 | \$ 58.0 | \$ 17.3 |
| Railroad and Utility Products and Services | 44.5 | 15.9 | 25.0 |
| Performance Chemicals | 471.1 | 0.0 | 0.0 |
| Corporate | 0.7 | 1.3 | 0.6 |
| Total | \$ 580.0 | \$ 75.2 | \$ 42.9 |

(a) Excludes impairment charges of \$4.7 and \$11.9 million in 2014 and 2013, respectively, for Carbon Materials and Chemicals and \$0.6 million in 2012 for Railroad and Utility Products and Services.

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

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

| | <i>December 31,</i> | |
|--|---------------------|-------------|
| | <i>2014</i> | <i>2013</i> |
| <i>(Dollars in millions)</i> | | |
| Assets: | | |
| Carbon Materials and Chemicals | \$ 514.6 | \$535.5 |
| Railroad and Utility Products and Services | 275.2 | 179.3 |
| Performance Chemicals | 469.0 | 0.0 |
| Segment assets | 1,258.8 | 714.8 |
| Cash and cash equivalents | 0.0 | 30.0 |
| Income tax receivable | 0.0 | 9.0 |
| Deferred taxes | 10.0 | 13.3 |
| Deferred financing costs | 14.5 | 7.2 |
| Property, plant and equipment, net | 3.9 | 3.8 |
| Deferred charges | 1.6 | 2.6 |
| Other | 5.1 | 4.2 |
| Total | \$1,293.9 | \$784.9 |
| Goodwill: | | |
| Carbon Materials and Chemicals | \$ 65.5 | \$ 68.0 |
| Railroad and Utility Products and Services | 9.3 | 4.7 |
| Performance Chemicals | 172.4 | 0.0 |
| Total | \$ 247.2 | \$ 72.7 |

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Revenues and Long-lived Assets by Geographic Area

| | <i>Year</i> | <i>Long-lived assets</i> | |
|------------------------------|-------------|--------------------------|----------------|
| | | <i>Revenue</i> | |
| <i>(Dollars in millions)</i> | | | |
| United States | 2014 | \$ 833.0 | \$537.1 |
| | 2013 | 782.5 | 169.1 |
| | 2012 | 827.6 | 162.9 |
| Australasia | 2014 | 349.0 | 160.3 |
| | 2013 | 348.3 | 100.6 |
| | 2012 | 318.9 | 72.4 |
| Europe | 2014 | 201.1 | 47.5 |
| | 2013 | 225.1 | 32.8 |
| | 2012 | 247.8 | 36.3 |
| Other countries | 2014 | 171.9 | 0.0 |
| | 2013 | 122.4 | 0.0 |
| | 2012 | 160.7 | 0.0 |
| Total | 2014 | \$1,555.0 | \$744.9 |
| | 2013 | \$1,478.3 | \$302.5 |
| | 2012 | \$1,555.0 | \$271.6 |

Revenues by geographic area in the above table are attributed by the destination country of the sale. Revenues from non-U.S. countries totaled \$722.0 million in 2014, \$695.8 million in 2013 and \$727.4 million in 2012.

Segment Revenues for Significant Product Lines

| | Year Ended December 31, | | |
|--|-------------------------|-----------|-----------|
| | 2014 | 2013 | 2012 |
| <i>(Dollars in millions)</i> | | | |
| Carbon Materials and Chemicals: | | | |
| Carbon pitch | \$ 330.2 | \$ 384.7 | \$ 442.4 |
| Creosote and carbon black feedstock | 213.7 | 228.2 | 233.8 |
| Phthalic anhydride | 91.4 | 98.6 | 120.0 |
| Naphthalene | 73.5 | 64.5 | 60.3 |
| Other products | 124.9 | 130.1 | 143.2 |
| | 833.7 | 906.1 | 999.7 |
| Railroad and Utility Products and Services: | | | |
| Railroad crossties | 342.2 | 331.1 | 341.1 |
| Utility poles | 96.1 | 119.3 | 101.3 |
| Creosote | 51.2 | 61.4 | 57.0 |
| Rail joint bars | 27.2 | 24.5 | 25.6 |
| Railroad infrastructure services | 14.8 | 0.0 | 0.0 |
| Other products | 66.3 | 35.9 | 30.3 |
| | 597.8 | 572.2 | 555.3 |
| Performance Chemicals: | | | |
| Wood preservative products | 107.0 | 0.0 | 0.0 |
| Other products | 16.5 | 0.0 | 0.0 |
| | 123.5 | 0.0 | 0.0 |
| Total | \$1,555.0 | \$1,478.3 | \$1,555.0 |

10. Income Taxes

Income Tax Provision

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

| | Years Ended December 31, | | |
|--|--------------------------|--------|--------|
| | 2014 | 2013 | 2012 |
| <i>(Dollars in millions)</i> | | | |
| Current: | | | |
| Federal | \$17.5 | \$ 3.5 | \$15.7 |
| State | 0.3 | 0.6 | 1.3 |
| Foreign | 14.6 | 14.0 | 8.6 |
| Total current tax provision | 32.4 | 18.1 | 25.6 |
| Deferred: | | | |
| Federal | 3.1 | 16.4 | 4.9 |
| State | 0.0 | 2.5 | (1.2) |
| Foreign | (1.4) | (0.2) | 4.0 |
| Total deferred tax provision (benefit) | 1.7 | 18.7 | 7.7 |
| Total income tax provision | \$34.1 | \$36.8 | \$33.3 |

(Loss) income before income taxes for 2014, 2013 and 2012 included \$(1.5) million, \$24.6 million and \$42.6 million, respectively, from foreign operations.

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

| | <i>Years Ended December 31,</i> | | |
|--|---------------------------------|--------------|--------------|
| | <i>2014</i> | <i>2013</i> | <i>2012</i> |
| Federal income tax rate | 35.0% | 35.0% | 35.0% |
| State income taxes, net of federal tax benefit | (4.8) | 2.1 | (0.5) |
| Foreign earnings taxed at different rates | (440.0) | 15.5 | 0.5 |
| Domestic production activities deduction | 40.8 | (2.0) | (2.7) |
| Deferred tax adjustments | 3.2 | (0.2) | (0.3) |
| Change in tax contingency reserves | (15.2) | (1.5) | 1.2 |
| Legal entity tax restructuring project | (1,503.2) | 0.0 | 0.0 |
| Foreign tax credits | 1,203.4 | (1.1) | (0.6) |
| Changes to foreign repatriation plans | 104.0 | 0.0 | 0.0 |
| Other | (1.2) | 0.0 | 0.5 |
| | (578.0)% | 47.8% | 33.1% |

The Company has not provided any U.S. tax on undistributed earnings of foreign subsidiaries or joint ventures that are reinvested indefinitely. At December 31, 2014 consolidated retained earnings of the Company included approximately \$127 million of undistributed earnings, which are permanently invested, from these foreign entities. It is not practical at this time, however, to estimate the amount of taxes that may be payable on the distribution of these earnings.

Taxes Excluded from Net Income Attributable to Koppers

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The amount of income tax (benefit) included in comprehensive (loss) income but excluded from net income attributable to Koppers relating to adjustments to copper swap contracts is (\$2.6) million, \$0.0 million, and \$0.0 million for the years ended December 31, 2014, 2013, and 2012, respectively.

The amount of income tax (benefit) provision included in comprehensive (loss) income but excluded from net income attributable to Koppers relating to adjustments to reflect the unfunded status of employee post-retirement benefit plans is \$(8.1) million, \$13.5 million and \$2.2 million for the years ended December 31, 2014, 2013 and 2012, respectively.

The amount of income tax (expense) benefit included in shareholders' equity but excluded from net income attributable to Koppers relating to the expense for restricted stock and employee stock options recognized differently for financial and tax reporting purposes was \$(0.3) million for the year ended December 31, 2014 and \$0.5 million for the year ended December 31, 2013.

Deferred Tax Assets and Liabilities

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

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

| | December 31, | |
|---|---------------|---------------|
| | 2014 | 2013 |
| <i>(Dollars in millions)</i> | | |
| Deferred tax assets: | | |
| Pension and other postretirement benefits obligations | \$ 19.2 | \$ 10.3 |
| Tax credits | 16.1 | 10.3 |
| Net operating loss benefit | 14.6 | 10.0 |
| Reserves, including insurance, environmental and deferred revenue | 12.4 | 16.5 |
| Asset retirement obligations | 7.5 | 6.8 |
| Accrued employee compensation | 6.7 | 9.4 |
| Book/tax inventory accounting differences | 3.6 | 3.3 |
| Book over tax depreciation and amortization | 3.2 | 1.3 |
| Capital loss benefit | 1.1 | 1.1 |
| Other | 6.4 | 2.2 |
| Valuation allowance | (32.4) | (19.7) |
| Total deferred tax assets | 58.4 | 51.5 |
| Deferred tax liabilities: | | |
| Tax over book depreciation and amortization | 49.0 | 35.4 |
| Unremitted earnings of foreign subsidiaries | 0.5 | 6.8 |
| Tax/book inventory accounting differences | 0.2 | 1.1 |
| Other | 0.6 | 3.7 |
| Total deferred tax liabilities | 50.3 | 47.0 |
| Net deferred tax assets | \$ 8.1 | \$ 4.5 |

A valuation allowance is provided when it is more likely than not that some portion or all of the related deferred tax assets will not be realized. At December 31, 2014, the Company has recorded a valuation allowance of \$7.5 million for certain state net operating loss carryforwards and state tax credit carryforwards anticipated to produce no tax benefit. The Company has recorded a valuation allowance of \$15.2 million for certain foreign tax credits in the United States expected to produce no benefit. These foreign tax credits will expire in 2024. The Company has recorded a valuation allowance of \$8.6 million for foreign net operating losses and certain foreign temporary differences that most likely will not be deducted. Additionally, the Company has recorded a valuation allowance of \$1.1 million for certain capital loss carryforwards in Australia and the United Kingdom expected to produce no benefit.

The Company has tax-effected state net operating losses of \$9.5 million, which will expire from 2015 to 2034. Additionally, the Company tax-effected foreign net operating losses of \$5.1 million, which will begin to expire in 2018.

Uncertain Tax Positions

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

As of December 31, 2014 and 2013, the total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate, was approximately \$6.0 million and \$4.5 million, respectively. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

| | <i>December 31,</i> | | |
|--|---------------------|-------------|-------------|
| | <i>2014</i> | <i>2013</i> | <i>2012</i> |
| <i>(Dollars in millions)</i> | | | |
| Balance at beginning of year | \$ 6.1 | \$ 7.7 | \$ 9.9 |
| Additions based on tax provisions related to the current year | 0.6 | 0.4 | 0.5 |
| Additions for tax provisions of prior years | 0.1 | 0.4 | 1.3 |
| Additions as a result of acquisitions | 1.6 | 0.0 | 0.0 |
| Reductions of tax provisions of prior years | (0.6) | (0.8) | (0.5) |
| Reductions as a result of payments and settlements | 0.0 | (1.1) | (2.8) |
| Reductions as a result of a lapse of the applicable statute of limitations | (0.6) | (0.5) | (0.7) |
| Balance at end of year | \$ 7.2 | \$ 6.1 | \$ 7.7 |

The Company recognizes interest expense or interest income and any related penalties from uncertain tax positions in income tax expense. For each year ended December 31, 2014, 2013 and 2012, the Company recognized \$1.5 million, \$(0.1) million and \$0.3 million, respectively, in interest and penalties. As of December 31, 2014 and 2013, the Company had accrued approximately \$2.7 million and \$1.2 million for interest and penalties, respectively.

11. Inventories

Inventories as of December 31, 2014 and 2013 were as follows:

| | <i>December 31,</i> | |
|------------------------------|---------------------|-------------|
| | <i>2014</i> | <i>2013</i> |
| <i>(Dollars in millions)</i> | | |
| Raw materials | \$191.1 | \$105.4 |
| Work in process | 2.6 | 19.2 |
| Finished goods | 103.6 | 94.8 |
| | 297.3 | 219.4 |
| Less revaluation to LIFO | 56.1 | 50.6 |
| Net | \$241.2 | \$168.8 |

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

12. Equity Investments

The Company holds two investments in unconsolidated companies. KSA Limited Partnership is a 50 percent owned concrete cross-tie operation located in Portsmouth, Ohio. Tangshan Koppers Kailuan Carbon Chemical Company Limited ("TKK") is a 30 percent owned tar distillation facility in the Hebei Province of China. No dividends were paid for the three years ended December 31, 2014. Equity in (losses) earnings for the three years ended December 31, 2014 were as follows:

| <i>(Dollars in millions)</i> | <i>Equity (loss) income</i> |
|------------------------------|---------------------------------|
| 2014 | \$(1.6) |
| 2013 | 0.8 |
| 2012 | 0.8 |

13. Property, Plant and Equipment

Property, plant and equipment as of December 31, 2014 and 2013 were as follows:

| <i>(Dollars in millions)</i> | <i>December 31,</i> | |
|-------------------------------|---------------------|-------------|
| | <i>2014</i> | <i>2013</i> |
| Land | \$ 18.7 | \$ 9.1 |
| Buildings | 45.3 | 30.6 |
| Machinery and equipment | 678.6 | 608.1 |
| | 742.6 | 647.8 |
| Less accumulated depreciation | 442.9 | 450.8 |
| Net | \$299.7 | \$197.0 |

Depreciation expense, including impairment charges, for the years ended December 31, 2014, 2013 and 2012 amounted to \$38.8 million, \$38.3 million and \$25.2 million, respectively.

Impairments – Impairment charges for 2014, 2013 and 2012 were \$4.7 million, \$11.9 million and \$0.6 million, respectively. In 2014, impairment charges primarily related to the Carbon Material and Chemicals' plant in Tangshan, China (\$2.8 million, net of non-controlling interest). These impairment charges were calculated using a probability-weighted discounted cash flow model.

The impairment of the Company's 60-percent owned plant in Tangshan, China is due to the forced closure of a neighboring metallurgical coke facility. In October 2013, the Company was informed by the Tangshan Municipal People's Government ("Tangshan Government") of its intention to close the two coke batteries owned and operated by the Tangshan Iron and Steel Group Co., Ltd ("TISCO") in Tangshan, China. The Tangshan Government has ordered the closure of these coke batteries in an effort to improve the air quality in the Tangshan area. One TISCO coke battery closed in March 2014 and the Company has been informed that the remaining TISCO coke battery will cease production sometime within the next twelve to eighteen months.

The Company's 60-percent owned subsidiary, Koppers (China) Carbon & Chemical Company Limited ("KCCC") is located near to TISCO's coke facility and relies on its operations for a significant portion of raw material supply, utilities and other shared services. Closure of the TISCO coke batteries directly impacts KCCC's ability to operate its coal tar distillation plant and the Company has determined that it is unable to continue coal tar distillation activities at the site once TISCO ceases production activities at the adjacent facility. As of December 31, 2014, all fixed assets directly related to the facility have been substantially depreciated.

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

The 2013 impairment of the Company's plant in the Netherlands was due to the decision to discontinue coal tar distillation activities at the Uithoorn plant in July 2014. A final determination to discontinue production was made in January 2014 after consultation with and agreement on a severance plan with the plant's works council and trade union, respectively. As of December 31, 2014, all fixed assets directly related to the facility have been substantially depreciated.

The impairment charge in 2012 related to a Railroad and Utility Products and Services segment's electricity co-generation plant in the United States.

Port of Portland – In February 2012, approximately 400 tons of carbon pitch leaked from a storage tank at the Company's terminal facility in Portland, Victoria, Australia. All of the coal tar pitch was contained within the tank farm area and was recovered. Insurance recoveries associated with the leak were a net \$0.1 million and \$1.2 million for the years ended December 31, 2014 and 2013, respectively. Costs directly associated with the leak were \$2.5 million for the year ended December 31, 2012 and include inventory losses, emergency response expenses, incremental logistics costs, and material clean-up and removal expenses, net of insurance recoveries.

14. Goodwill and Other Identifiable Intangible Assets

The change in the carrying amount of goodwill attributable to each business segment for the years ended December 31, 2014 and December 31, 2013 was as follows:

| | Carbon Materials and Chemicals | Railroad and Utility Products and Services | Performance Chemicals | Total |
|------------------------------|--------------------------------|--|-----------------------|----------------|
| <i>(Dollars in millions)</i> | | | | |
| Balance at December 31, 2012 | \$70.2 | \$ 5.4 | \$ 0.0 | \$ 75.6 |
| Currency translation | (2.2) | (0.7) | (0.0) | (2.9) |
| Balance at December 31, 2013 | \$68.0 | \$ 4.7 | \$ 0.0 | \$ 72.7 |
| Acquisitions | 0.0 | 5.2 | 175.4 | 180.6 |
| Currency translation | (2.5) | (0.6) | (3.0) | (6.1) |
| Balance at December 31, 2014 | \$65.5 | \$ 9.3 | \$172.4 | \$247.2 |

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

| | Estimated life in years | Weighted average remaining life in years | December 31, | | | | | |
|------------------------------|-------------------------|--|-----------------------|--------------------------|----------------|-----------------------|--------------------------|--------|
| | | | 2014 | | | 2013 | | |
| | | | Gross Carrying Amount | Accumulated Amortization | Net | Gross Carrying Amount | Accumulated Amortization | Net |
| <i>(Dollars in millions)</i> | | | | | | | | |
| Customer contracts | 9 to 17 | 14.8 | \$149.9 | \$14.5 | \$135.4 | \$19.8 | \$ 9.7 | \$10.1 |
| Technology | 4 to 12 | 7.0 | 26.7 | 1.4 | 25.3 | 0.0 | 0.0 | 0.0 |
| Trademarks | 4 to 7 | 6.5 | 5.6 | 0.3 | 5.3 | 0.0 | 0.0 | 0.0 |
| Supply contracts | 10 | 5.2 | 2.6 | 1.2 | 1.4 | 2.9 | 1.1 | 1.8 |
| Non-compete agreements | 12 | 9.8 | 1.5 | 1.2 | 0.3 | 1.6 | 1.3 | 0.3 |
| Favorable lease agreements | 3 | 0.0 | 0.8 | 0.8 | 0.0 | 0.8 | 0.8 | 0.0 |
| Total | | 13.2 | \$187.1 | \$19.4 | \$167.7 | \$25.1 | \$12.9 | \$12.2 |

Acquired intangible assets for the year ended December 31, 2014 totaled \$133.8 million for customer relationships, \$26.9 million for technology and \$5.6 million for trademarks. In 2014, the gross carrying value of identifiable intangible assets decreased by \$2.2 million due to foreign currency translation. Total amortization expense related to these identifiable intangible assets was \$8.4 million, \$2.1 million and \$1.9 million for the years ended December 31, 2014, 2013 and 2012, respectively. Estimated amortization expense for the next five years is summarized below:

| | <i>Estimated annual amortization</i> |
|------------------------------|--|
| <i>(Dollars in millions)</i> | |
| 2015 | 14.9 |
| 2016 | 14.5 |
| 2017 | 14.3 |
| 2018 | 14.3 |
| 2019 | 14.2 |

15. Pensions and Post-retirement Benefit Plans

The Company and its subsidiaries maintain a number of defined benefit and defined contribution plans to provide retirement benefits for employees in the U.S., as well as employees outside the U.S. These plans are maintained and contributions are made in accordance with the Employee Retirement Income Security Act of 1974, 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.

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

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

Expense related to defined contribution plans totaled \$6.9 million, \$5.3 million and \$4.7 million for the years ended December 31, 2014, 2013 and 2012, respectively. Expense related to contributions to multi-employer pension plans totaled \$0.2 million, \$0.4 million and \$0.4 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Net periodic pension costs for 2014, 2013 and 2012 were as follows:

| | <i>December 31,</i> | | | | | |
|---|-------------------------|-------------|-------------|-----------------------|-------------|-------------|
| | <i>Pension Benefits</i> | | | <i>Other Benefits</i> | | |
| | <i>2014</i> | <i>2013</i> | <i>2012</i> | <i>2014</i> | <i>2013</i> | <i>2012</i> |
| <i>(Dollars in millions)</i> | | | | | | |
| Components of net periodic benefit cost: | | | | | | |
| Service cost | \$ 2.7 | \$ 3.4 | \$ 3.5 | \$0.1 | \$0.1 | \$0.1 |
| Interest cost | 11.8 | 10.7 | 10.7 | 0.5 | 0.5 | 0.5 |
| Expected return on plan assets | (13.9) | (12.5) | (10.7) | 0.0 | 0.0 | 0.0 |
| Amortization of prior service cost | (0.2) | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| Amortization of net loss | 4.0 | 7.6 | 8.1 | (0.2) | (0.1) | 0.0 |
| Amortization of transition asset | 0.0 | 0.0 | (0.3) | 0.0 | 0.0 | 0.0 |
| Settlements and curtailments | 0.0 | 0.1 | 0.3 | 0.0 | 0.0 | 0.0 |
| Net periodic benefit cost | \$ 4.4 | \$ 9.4 | \$ 11.7 | \$0.4 | \$0.5 | \$0.6 |

Net periodic pension (credit) cost that is expected to be recognized from the amortization of prior service cost and net loss is estimated to total \$(0.3) million and \$6.3 million, respectively, for all plans in 2015.

The change in the funded status of the pension and postretirement plans as of December 31, 2014 and December 31, 2013 is as follows:

| | <i>December 31,</i> | | | |
|---|-------------------------|-------------|-----------------------|-------------|
| | <i>Pension Benefits</i> | | <i>Other Benefits</i> | |
| | <i>2014</i> | <i>2013</i> | <i>2014</i> | <i>2013</i> |
| <i>(Dollars in millions)</i> | | | | |
| Change in benefit obligation: | | | | |
| Benefit obligation at beginning of year | \$237.8 | \$255.2 | \$10.4 | \$ 11.2 |
| Service cost | 2.7 | 3.4 | 0.1 | 0.1 |
| Interest cost | 11.8 | 10.7 | 0.5 | 0.5 |
| Plan participants' contributions | 0.2 | 0.2 | 0.0 | 0.0 |
| Actuarial losses (gains) | 39.4 | (18.6) | (1.1) | (1.3) |
| Plan amendments | 0.0 | (1.5) | 0.0 | 0.0 |
| Settlements | 0.0 | (0.9) | 0.0 | 0.0 |
| Currency translation | (4.4) | 0.2 | 0.0 | 0.0 |
| Benefits paid | (11.8) | (10.9) | (0.1) | (0.1) |
| Benefit obligation at end of year | 275.7 | 237.8 | 9.8 | 10.4 |
| Change in plan assets: | | | | |
| Fair value of plan assets at beginning of year | 205.7 | 175.6 | 0.0 | 0.0 |
| Actual return on plan assets | 24.0 | 19.2 | 0.0 | 0.0 |
| Employer contribution | 15.1 | 22.5 | 0.1 | 0.1 |
| Plan participants' contributions | 0.2 | 0.2 | 0.0 | 0.0 |
| Settlements | 0.0 | (0.9) | 0.0 | 0.0 |
| Currency translation | (3.7) | 0.0 | 0.0 | 0.0 |
| Benefits paid | (11.8) | (10.9) | (0.1) | (0.1) |
| Fair value of plan assets at end of year | 229.5 | 205.7 | 0.0 | 0.0 |
| Funded status of the plan | \$ (46.2) | \$ (32.1) | \$ (9.8) | \$(10.4) |
| Amounts recognized in the balance sheet consist of: | | | | |
| Noncurrent assets | \$ 0.2 | \$ 0.6 | \$ 0.0 | \$ 0.0 |
| Current liabilities | 0.9 | 0.7 | 0.7 | 0.8 |
| Noncurrent liabilities | 45.5 | 32.0 | 9.1 | 9.6 |
| Pension plans with benefit obligations in excess of plan assets: | | | | |
| Benefit obligation | \$237.0 | \$231.9 | | |
| Fair value of plan assets | 200.2 | 199.2 | | |
| Pension plans with accumulated benefit obligations in excess of plan assets: | | | | |
| Accumulated benefit obligation | \$230.7 | \$225.0 | | |
| Fair value of plan assets | 200.2 | 199.2 | | |

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

The accumulated benefit obligation for all defined benefit pension plans as of December 31, 2014 and 2013 was \$269.0 million and \$230.6 million, respectively.

Expected Contributions for the 2015 Fiscal Year

The expected contributions by the Company for 2015 are estimated to be \$3.1 million for pension plans and \$0.7 million for other benefit plans.

Projected Benefit Payments

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

| <i>(Dollars in millions)</i> | <i>Pension Benefits</i> | | <i>Other Benefits</i> | |
|------------------------------|-------------------------|--|-----------------------|--|
| | | | | |
| 2015 | \$12.1 | | \$0.7 | |
| 2016 | 12.4 | | 0.7 | |
| 2017 | 13.3 | | 0.7 | |
| 2018 | 14.3 | | 0.7 | |
| 2019 | 13.8 | | 0.8 | |
| 2020 – 2024 | 78.9 | | 3.1 | |

Weighted-Average Assumptions as of December 31

| | <i>December 31,</i> | | | |
|--------------------------------|-------------------------|-------------|-----------------------|-------------|
| | <i>Pension Benefits</i> | | <i>Other Benefits</i> | |
| | <i>2014</i> | <i>2013</i> | <i>2014</i> | <i>2013</i> |
| Discount rate | 4.12% | 5.06% | 4.32% | 5.25% |
| Expected return on plan assets | 6.31 | 7.04 | | |
| Rate of compensation increase | 4.00 | 3.13 | | |
| Initial medical trend rate | | | 6.95 | 7.15 |

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

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

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

Investment Strategy

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

| | <i>December 31,</i> | |
|-------------------|---------------------|-------------|
| | <i>2014</i> | <i>2013</i> |
| Debt securities | 71% | 59% |
| Equity securities | 26 | 38 |
| Other | 3 | 3 |
| | 100% | 100% |

The Company's investment strategy for its pension plans is to maintain an adequate level of diversification, to reduce interest rate and market risk and to provide adequate liquidity to meet immediate and future benefit payment requirements. The

Company's overall investment strategy is to achieve a mix of growth seeking assets, principally U.S. and international public company equity securities and income generating assets, principally debt securities, real estate and cash. Currently, the Company targets an allocation of 30 percent to 40 percent growth seeking assets and 60 percent to 70 percent income generating assets on an overall basis. The Company utilizes investment managers to assist in identifying and monitoring investments that meet these allocation criteria. With respect to the largest pension plan, the Company has implemented a strategy of reallocating pension assets from growth seeking assets to income generating assets as certain funded status levels are reached.

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

The pension assets are all substantially held in pooled or commingled investment vehicles. The following table sets forth by level, the Company's pension plan assets at fair value, within the fair value hierarchy, as of December 31, 2014 and December 31, 2013:

| | <i>As of December 31, 2014</i> | | | |
|-----------------------------------|---|--|--|----------------|
| | <i>Quoted prices in active markets for identical assets (Level 1)</i> | <i>Significant observable inputs (Level 2)</i> | <i>Significant unobservable inputs (Level 3)</i> | <i>Total</i> |
| <i>(Dollars in millions)</i> | | | | |
| U.S. equity securities | \$17.5 | \$ 10.5 | \$0.0 | \$ 28.0 |
| International equity securities | 12.7 | 20.0 | 0.0 | 32.7 |
| U.S. debt securities | 36.4 | 92.1 | 0.0 | 128.5 |
| International debt securities | 7.8 | 26.8 | 0.0 | 34.6 |
| Real estate and other investments | 0.0 | 1.9 | 0.0 | 1.9 |
| Cash and cash equivalents | 0.0 | 3.8 | 0.0 | 3.8 |
| | \$74.4 | \$155.1 | \$0.0 | \$229.5 |

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

Health Care Cost Trend Rates

The 2014 initial health care cost trend rate is assumed to be 7.15 percent and is assumed to decrease gradually to 4.5 percent in 2027 and remain at that level thereafter. The assumed health care cost trend rate has a significant effect on the amounts reported for other postretirement benefit liability. A one-percentage-point change in the assumed health care cost trend rate would have the following effects:

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

Incentive Plan

The Company has short-term management incentive plans that pay cash bonuses if certain Company performance and individual goals are met. The charge to operating expense for these plans was \$3.8 million in 2014, \$2.3 million in 2013 and \$5.2 million in 2012.

16. Debt

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

| | | | December 31, | |
|---|--------------------------------------|----------|--------------|---------|
| | Weighted Average Interest Rate | Maturity | 2014 | 2013 |
| <i>(Dollars in millions, except interest rates)</i> | | | | |
| Term Loan | 3.63% | 2019 | \$292.5 | \$ 0.0 |
| Revolving credit facility | 3.63% | 2019 | 204.5 | \$ 0.0 |
| Construction and other loans | 5.81% | 2018 | 56.5 | 6.6 |
| Senior Notes | 7 ⁷ / ₈ % | 2019 | 297.0 | 296.5 |
| Total debt | | | 850.5 | 303.1 |
| Less short-term debt and current maturities of long-term debt | | | 43.9 | 0.0 |
| Long-term debt (excluding current portion) | | | \$806.6 | \$303.1 |

Revolving Credit Facility

On August 15, 2014, Koppers Inc. replaced its \$350.0 million revolving credit facility with a new \$500.0 senior secured revolving credit facility and a \$300.0 million senior secured term loan to finance its acquisition of the Osмосе Entities (the "Senior Secured Credit Facilities"). Both borrowings mature on August 15, 2019. The interest rates on the new borrowings are variable and are based on LIBOR. The initial interest rate on the borrowings at August 15, 2014 was 3.25 percent. The senior secured term loan has quarterly principal repayment obligations of 2.5 percent of the original principal amount borrowed, or \$7.5 million.

Borrowings under the revolving credit facility and term loan are secured by a first priority lien on substantially all of the assets of Koppers Inc. and its material domestic subsidiaries. The revolving credit facility and term loan contain certain covenants for Koppers Inc. and its restricted subsidiaries that limit capital expenditures, additional indebtedness, liens, dividends, investments or acquisitions. In addition, such covenants give rise to events of default upon the failure by Koppers Inc. and its restricted subsidiaries to meet certain financial ratios.

As of December 31, 2014, the Company had \$113.5 million of unused revolving credit availability for working capital purposes after restrictions from certain letter of credit commitments and other covenants. As of December 31, 2014, \$61.5 million of commitments were utilized by outstanding letters of credit.

Construction Loans

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

Senior Notes

The Koppers Inc. 7 $\frac{7}{8}$ percent Senior Notes due 2019 (the "Senior Notes") were issued on December 1, 2009 at an offering price of 98.311 percent of face value, or \$294.9 million and have a principal amount at maturity of \$300.0 million. The Senior Notes have an effective interest rate yield of 8 $\frac{1}{8}$ percent per annum. The 2009 Senior Notes are our senior obligations, are fully and unconditionally guaranteed by KH and certain of our wholly-owned domestic subsidiaries, and, as of August 15, 2014, are secured equally and ratably with the obligations under our Senior Secured Credit Facilities.

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

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

Debt Maturities and Deferred Financing Costs

At December 31, 2014 the aggregate debt maturities for the next five years are as follows:

(Dollars in millions)

| | |
|----------------------------------|---------|
| 2015 | \$ 43.9 |
| 2016 | 36.4 |
| 2017 | 44.9 |
| 2018 | 51.3 |
| 2019 | 677.0 |
| Thereafter | 0.0 |
| Total maturities | 853.5 |
| Future accretion on Senior Notes | (3.0) |
| Total debt | \$850.5 |

Unamortized deferred financing costs (net of accumulated amortization of \$3.9 million and \$5.9 million at December 31, 2014 and 2013, respectively) were \$14.5 million and \$7.2 million at December 31, 2014 and 2013, respectively, and are included in other assets.

17. Leases

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

| <i>(Dollars in millions)</i> | |
|------------------------------|---------|
| 2015 | \$ 35.6 |
| 2016 | 30.5 |
| 2017 | 27.5 |
| 2018 | 21.2 |
| 2019 | 7.6 |
| Thereafter | 33.7 |
| Total | \$156.1 |

Operating lease expense for 2014, 2013 and 2012 was \$36.7 million, \$39.4 million and \$44.3 million, respectively.

18. Derivative Financial Instruments

The Company utilizes derivative instruments to manage exposures to risks that have been identified and measured and are capable of being controlled. The primary risks managed by the company by using derivative instruments are commodity price risk associated with copper and foreign currency exchange risk associated with a number of currencies, principally the U.S. dollar, the Canadian dollar, the Euro and British pounds. Swap contracts on copper are used to manage the price risk associated with forecasted purchases of materials used in the Company's manufacturing processes. Generally, the Company will not hedge cash flow exposures for durations longer than 30 months. The Company enters into foreign currency forward contracts to manage foreign currency risk associated with the Company's receivable and payable balances. Generally, the Company enters into master netting arrangements with the counterparties and offsets net derivative positions with the same counterparties. Currently, the Company's agreements do not require cash collateral.

ASC Topic 815-10, "Derivatives and Hedging," requires companies to recognize all derivative instruments as either assets or liabilities at fair value in the balance sheet. Derivative instruments' fair value is determined using significant other observable inputs, or Level 2 in the fair value hierarchy. In accordance with ASC Topic 815-10, the Company designates commodity swaps as cash flow hedges of forecasted purchases of commodities. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive (loss) income and is reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative instruments representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

As of December 31, 2014, the Company has outstanding copper swap contracts totaling 19.6 million pounds and the fair value of these swap contracts was \$(6.5) million which is classified in accrued liabilities in the consolidated balance sheet. The amount of loss recognized in other comprehensive loss totaled \$3.8 million, net of tax, at December 31, 2014. The ineffective portion of the copper swap contracts totaled \$0.1 million and was charged to cost of sales for the year ended December 31, 2014. In the next twelve months the Company estimates that \$2.8 million of unrealized losses, net of tax, related to commodity price hedging will be reclassified from other comprehensive loss into earnings.

Forward contracts related to foreign currency are not designated as hedges and fair value changes in these contracts are immediately charged to earnings and are classified in other income in the condensed consolidated statement of income. As of December 31, 2014, the Company has outstanding foreign currency forward contracts with a net fair value totaling \$0.0 million, consisting of a gross derivative asset of \$0.2 million and a gross derivative liability of \$0.2 million. The currency units outstanding at December 31, 2014 were British Pound of GBP 15.6 million, Canadian Dollar of CAD 8.0 million and United States Dollar of USD 7.6 million.

19. Common Stock and Senior Convertible Preferred Stock

Changes in senior convertible preferred stock, common stock and treasury stock for the three years ended December 31, 2014 are as follows:

| | <i>Year Ended December 31,</i> | | |
|--|--------------------------------|-------------|-------------|
| | <i>2014</i> | <i>2013</i> | <i>2012</i> |
| <i>(Shares in thousands)</i> | | | |
| Senior Convertible Preferred Stock: | | | |
| Balance at beginning and end of year | 0 | 0 | 0 |
| Common Stock: | | | |
| Balance at beginning of year | 21,722 | 21,585 | 21,309 |
| Issued for employee stock plans | 216 | 137 | 276 |
| Balance at end of year | 21,938 | 21,722 | 21,585 |
| Treasury Stock: | | | |
| Balance at beginning of year | (1,390) | (951) | (706) |
| Shares repurchased | (53) | (439) | (245) |
| Balance at end of year | (1,443) | (1,390) | (951) |

20. Commitments and Contingent Liabilities

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

Legal Proceedings

Coal Tar Pitch Cases. Koppers Inc., along with other defendants, is currently a defendant in lawsuits filed in two states in which the plaintiffs claim they suffered a variety of illnesses (including cancer) as a result of exposure to coal tar pitch sold by the defendants. There are approximately 112 plaintiffs in 60 cases pending as of December 31, 2014 as compared to 111 plaintiffs in 61 cases pending as of December 31, 2013. As of December 31, 2014, there are a total of 59 cases pending in state court in Pennsylvania, and one case pending in state court in Tennessee. Koppers Inc. has been dismissed from three cases formerly pending in state court in Arkansas.

The plaintiffs in all 60 pending cases seek to recover compensatory damages, while plaintiffs in 55 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 Tennessee state court case each seek damages of \$15.0 million. The other defendants in these lawsuits vary from case to case and include companies such as Beazer East, Inc., United States Steel Corporation, Honeywell International Inc., Vertellus Specialties Inc., Dow Chemical Company, UCAR Carbon Company, Inc., Exxon Mobil Corporation, SGL Carbon Corporation and Alcoa, Inc. Discovery is proceeding in these cases. No trial dates have been set in any of these cases.

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

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

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

The case was removed to the United States District Court for the Northern District of Florida in December 2010. The district court dismissed Koppers Holdings Inc. in September 2013 on the ground that there was no personal jurisdiction. Plaintiffs' appeal of the dismissal of Koppers Holdings Inc. was dismissed in December 2013. Under the current scheduling order, the Court has set a deadline of February 23, 2015 for completion of class factual discovery with expert witness discovery to follow. Discovery on the merits is stayed until further order of the court.

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

Virgin Islands. Koppers Performance Chemicals Inc. ("KPC") is currently a defendant in a putative class action lawsuit filed in the United States District Court of the Virgin Islands. The plaintiffs claim, on behalf of themselves and others similarly situated, that KPC's wood preservative products and formulas are defective, and the complaint alleges the following causes of action: breach of contract, negligence, strict liability, fraud and violation of Virgin Islands Consumer Fraud and Deceptive Business Practices statute. The putative class is defined as all users (residential or commercial) of wood products treated with KPC wood preserving products in the United States who purchased such wood products from January 1, 2004 to the present. Alternatively, plaintiffs allege that the putative class should be all persons and entities that have owned or acquired buildings or other structures physically located in the U.S. Virgin Islands that contain wood products treated with KPC wood preserving products from January 1, 2004 to the present. The complaint alleges plaintiffs are entitled to unspecified "economic and compensatory damages", punitive damages, costs and disgorgement of profits. The complaint further requests a declaratory judgment and injunction to establish an inspection and disposal program for class members' structures. The lawsuit was filed on July 16, 2014, and KPC has filed a motion to dismiss. Plaintiffs have responded to the motion and KPC has filed a reply. The motion has been fully briefed and we are awaiting a ruling by the court. 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.

Other Matters. In July 2012, Koppers Netherlands B.V.'s ("Koppers Netherlands") coal tar distillation plant suffered a series of electrical disruptions which significantly affected plant operations and prevented the resumption of plant operations for a period of approximately three weeks. As a result of the suspension of operations, the coal tar distillation plant was unable to provide steam and other services to an adjacent unaffiliated plant. This unaffiliated plant and Koppers Netherlands' plant share certain services and plant infrastructure under a cost sharing agreement. In September 2012, Koppers Netherlands received a business interruption claim from the owner of the unaffiliated plant that included an initial claim for lost profits of approximately \$1.7 million. In July 2013 the owner of the unaffiliated plant filed a request for arbitration with the Netherlands Arbitration Institute seeking damages for the business interruption claim plus interest, costs and legal fees. In its statement of claim to the arbitration board, the owner of the unaffiliated facility has claimed damages of at least \$3.1 million for these costs. The arbitration hearing was held in June 2014. This matter was settled on January 19, 2015 for \$1.4 million, which amount will be paid by the insurance carrier for Koppers Netherlands.

Environmental and Other Litigation Matters

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

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

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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. Currently, at the properties acquired from Beazer East (which include all but two of the sites permitted under the Resource Conservation and Recovery Act ("RCRA")), a significant portion of all investigative, cleanup and closure activities are being conducted and paid for by Beazer East pursuant to the terms of the Indemnity. In addition, other of Koppers Inc.'s sites are or have been operated under RCRA and various other environmental permits, and remedial and closure activities are being conducted at some of these sites.

To date, the parties that retained, assumed and/or agreed to indemnify the Company against the liabilities referred to above, including Beazer East, have performed their obligations in all material respects. The Company believes that, for the last three years ended December 31, 2014, amounts paid by Beazer East as a result of its environmental remediation obligations under the Indemnity have averaged in total approximately \$13 million per year. Periodically, issues have arisen between Koppers Inc. and Beazer East and/or other indemnitors that have been resolved without arbitration. Koppers Inc. and Beazer East engage in discussions from time to time that involve, among other things, the allocation of environmental costs related to certain operating and closed facilities.

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

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

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

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

Other than the estimated costs of participating in the PRP group at the Portland Harbor and Newark Bay CERCLA sites totaling \$0.7 million at December 31, 2014, the Company has not provided a reserve for these matters because there has not been a determination of the total cost of the investigations, the remediation that will be required, the amount of natural resources damages or how those costs will be allocated among the PRPs. Accordingly, the Company believes that it cannot reasonably determine the probability of a loss, and the amount of loss, if any, cannot be reasonably estimated. An unfavorable resolution of these matters may have a material adverse effect on the Company's business, financial condition, cash flows and results of operations.

Australian Environmental Matters. Soil and groundwater contamination has been detected at certain of the Company's Australian facilities. At the Company's tar distillation facility in Newcastle, New South Wales, Australia, soil contamination from an abandoned underground coal tar pipeline and other groundwater contamination have been detected at a property adjacent to the facility. In 2011, the Company and the owner of the adjacent property reached an agreement in which the Company will contribute \$1.6 million and the owner of the adjacent property will contribute \$7.5 million toward remediation of the property. The agreement provides that the Company will assume responsibility for the management of the remediation effort and will indemnify the current owner for any remediation costs in excess of its agreed contribution. At the completion of the remediation, the agreement provides that the property will be transferred to the Company. The remediation project commenced in 2011 and the Company has reserved its expected remaining remediation costs of \$0.9 million and has recorded a receivable, net of cash collections, from the owner of the adjacent property of \$0.8 million as of December 31, 2014.

In December 2011, the Company ceased manufacturing operations at its Continental Carbon facility located in Kurnell, Australia. The Company has accrued its expected cost of site remediation resulting from the closure of \$4.1 million as of December 31, 2014.

Environmental Reserves Rollforward. The following table reflects changes in the accrued liability for environmental matters, of which \$3.3 million and \$8.2 million are classified as current liabilities at December 31, 2014 and 2013, respectively:

| | Year Ended December 31, | |
|------------------------------|-------------------------|--------|
| | 2014 | 2013 |
| <i>(Dollars in millions)</i> | | |
| Balance at beginning of year | \$11.9 | \$14.1 |
| Expense | 0.8 | 1.8 |
| Reversal of reserves | (1.5) | (1.2) |
| Cash expenditures | (3.7) | (0.9) |
| Acquisition | 0.7 | 0.0 |
| Currency translation | (0.4) | (1.9) |
| Balance at end of year | \$7.8 | \$11.9 |

21. Related Party Transactions

As of December 31, 2014, the Company has loaned \$9.5 million to TKK, a 30-percent owned company in China. The loan is repayable in November 2015 with six equal installments beginning June 2015.

22. Selected Quarterly Financial Data (Unaudited)

The following is a summary of the quarterly results of operations for the years ended December 31, 2014 and 2013:

| | Year Ended December 31, 2014 | | | | |
|--|------------------------------|-------------------------|-------------------------|-------------------------|-------------|
| | 1 st Quarter | 2 nd Quarter | 3 rd Quarter | 4 th Quarter | Fiscal Year |
| <i>(Dollars in millions, except per share amounts)</i> | | | | | |
| Statement of operations data: | | | | | |
| Net sales | \$331.4 | \$356.8 | \$440.1 | \$426.7 | \$1,555.0 |
| Operating profit | 0.5 | 13.3 | 17.3 | 2.1 | 33.2 |
| Income (loss) from continuing operations | (0.1) | 0.8 | (4.3) | (36.4) | (40.0) |
| Net income (loss) | (0.1) | 0.7 | (4.2) | (35.8) | (39.4) |
| Net income (loss) attributable to Koppers ^(c) | 2.2 | 1.6 | (2.7) | (33.5) | (32.4) |
| Common stock data: | | | | | |
| Earnings (loss) per common share attributable to Koppers common shareholders: ^(a) | | | | | |
| Basic – | | | | | |
| Continuing operations | \$ 0.11 | \$ 0.08 | \$ (0.14) | \$ (1.66) | \$ (1.61) |
| Discontinued operations | 0.00 | 0.00 | 0.00 | 0.03 | 0.03 |
| Earnings (loss) per basic common share | \$ 0.11 | \$ 0.08 | \$ (0.14) | \$ (1.63) | \$ (1.58) |
| Diluted – | | | | | |
| Continuing operations | \$ 0.11 | \$ 0.08 | \$ (0.14) | \$ (1.66) | \$ (1.61) |
| Discontinued operations | 0.00 | 0.00 | 0.00 | 0.03 | 0.03 |
| Earnings (loss) per diluted common share | \$ 0.11 | \$ 0.08 | \$ (0.14) | \$ (1.63) | \$ (1.58) |
| Dividends declared per common share | \$ 0.25 | \$ 0.25 | \$ 0.25 | \$ 0.25 | \$ 1.00 |
| Price range of common stock: | | | | | |
| High | \$45.92 | \$45.51 | \$39.45 | \$39.88 | \$ 45.92 |
| Low | 35.51 | 35.53 | 33.02 | 22.52 | 22.52 |

| | Year Ended December 31, 2013 | | | | |
|--|------------------------------|-------------------------|-------------------------|-------------------------|-------------|
| | 1 st Quarter | 2 nd Quarter | 3 rd Quarter | 4 th Quarter | Fiscal Year |
| <i>(Dollars in millions, except per share amounts)</i> | | | | | |
| Statement of operations data: | | | | | |
| Net sales | \$370.4 | \$370.9 | \$395.2 | \$341.8 | \$1,478.3 |
| Operating profit ^(b) | 24.9 | 28.5 | 39.1 | 7.8 | 100.3 |
| Income from continuing operations | 11.4 | 14.8 | 19.6 | (5.6) | 40.2 |
| Net income | 11.5 | 14.7 | 19.5 | (5.6) | 40.1 |
| Net income attributable to Koppers | 11.0 | 14.4 | 19.1 | (4.1) | 40.4 |
| Common stock data: | | | | | |
| Earnings (loss) per common share attributable to Koppers common shareholders: ^(a) | | | | | |
| Basic – | | | | | |
| Continuing operations | \$ 0.53 | \$ 0.70 | \$ 0.93 | \$ (0.20) | \$ 1.96 |
| Discontinued operations | 0.00 | (0.01) | 0.00 | 0.00 | 0.00 |
| Earnings per basic common share | \$ 0.53 | \$ 0.69 | \$ 0.93 | \$ (0.20) | \$ 1.96 |
| Diluted – | | | | | |
| Continuing operations | \$ 0.53 | \$ 0.70 | \$ 0.92 | \$ (0.20) | \$ 1.94 |
| Discontinued operations | 0.00 | (0.01) | 0.00 | 0.00 | 0.00 |
| Earnings per diluted common share | \$ 0.53 | \$ 0.69 | \$ 0.92 | \$ (0.20) | \$ 1.94 |
| Dividends declared per common share | \$ 0.25 | \$ 0.25 | \$ 0.25 | \$ 0.25 | \$ 1.00 |
| Price range of common stock: | | | | | |
| High | \$45.72 | \$46.48 | \$42.43 | \$49.99 | \$ 49.99 |
| Low | 38.70 | 37.45 | 34.69 | 41.61 | 34.69 |

(a) The cumulative sum of quarterly basic and diluted net income per share amounts may not equal total basic and diluted net income per share amounts for the year due to differences in weighted average and equivalent shares outstanding for each of the periods presented.

(b) In the fourth quarter of 2013, the Company recorded asset impairment charges totaling \$11.9 million primarily consisting of write-downs related to the Company's coal tar distillation facilities located in Uithoorn, the Netherlands; Tangshan, China; and Follansbee, West Virginia.

(c) In the fourth quarter of 2014, the Company recorded a \$24.3 million income tax charge related to a legal entity reorganization project.

23. Subsidiary Guarantor Information for Koppers Inc. Senior Notes

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

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

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

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

The Koppers Inc. revolving credit facility agreement provides for a revolving credit facility of up to \$500.0 million and a term loan of up to \$300 million at variable rates. Borrowings under the revolving credit facility are secured by a first priority lien on substantially all of the assets of Koppers Inc. and its material domestic subsidiaries. The revolving credit facility agreement contains certain covenants for Koppers Inc. and its restricted subsidiaries that limit capital expenditures, additional indebtedness, liens, dividends, investments or acquisitions. In addition, such covenants give rise to events of default upon the failure by Koppers Inc. and its restricted subsidiaries to meet certain financial ratios.

The amount of restricted net assets unavailable for distribution to Koppers Holdings Inc. by Koppers Inc. totals \$20 million as of December 31, 2014. Cash dividends paid to Koppers Holdings Inc. by its subsidiaries totaled \$23.6 million, \$38.5 million and \$27.6 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Condensed Consolidating Statement of Comprehensive (Loss) Income For the Year Ended December 31, 2014

| | Parent | Koppers Inc. | Domestic Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Consolidating Adjustments | Consolidated |
|---|----------|--------------|---------------------------------------|-------------------------------|------------------------------|--------------|
| <i>(Dollars in millions)</i> | | | | | | |
| Net sales | \$ 0.0 | \$795.9 | \$143.0 | \$683.5 | \$ (67.4) | \$1,555.0 |
| Cost of sales including depreciation and amortization | 0.0 | 724.5 | 108.8 | 639.0 | (66.7) | 1,405.6 |
| Selling, general and administrative | 2.2 | 59.2 | 17.4 | 37.4 | 0.0 | 116.2 |
| Operating profit (loss) | (2.2) | 12.2 | 16.8 | 7.1 | (0.7) | 33.2 |
| Other income (expense) | 0.0 | 0.2 | 4.7 | (0.6) | (4.3) | 0.0 |
| Equity income of subsidiaries | (31.0) | (15.9) | (6.4) | 0.0 | 53.3 | 0.0 |
| Interest expense | 0.0 | 36.5 | 0.0 | 6.9 | (4.3) | 39.1 |
| Income taxes | (0.8) | (9.0) | 30.5 | 13.4 | 0.0 | 34.1 |
| Income from continuing operations | (32.4) | (31.0) | (15.4) | (13.8) | 52.6 | (40.0) |
| Discontinued operations | 0.0 | 0.0 | (0.6) | 1.2 | 0.0 | 0.6 |
| Noncontrolling interests | 0.0 | 0.0 | 0.0 | (7.0) | 0.0 | (7.0) |
| Net loss attributable to Koppers | \$(32.4) | \$(31.0) | \$(16.0) | \$(5.6) | \$ 52.6 | \$(32.4) |
| Comprehensive loss attributable to Koppers | \$(82.5) | \$(81.1) | \$(54.4) | \$(35.1) | \$170.6 | \$(82.5) |

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

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

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

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

Condensed Consolidating Balance Sheet December 31, 2014

| | Parent | Koppers Inc. | Domestic Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Consolidating Adjustments | Consolidated |
|---|--------|--------------|---------------------------------------|-------------------------------|------------------------------|--------------|
| <i>(Dollars in millions)</i> | | | | | | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 0.0 | \$ 0.0 | \$ 0.9 | \$ 50.2 | \$ 0.0 | \$ 51.1 |
| Receivables, net | 0.0 | 75.7 | 20.0 | 103.0 | 0.0 | 198.7 |
| Affiliated receivables | 0.8 | 4.5 | 9.3 | 1.3 | (15.9) | 0.0 |
| Inventories, net | 0.0 | 108.8 | 30.8 | 102.6 | (1.0) | 241.2 |
| Deferred tax assets | 0.0 | 8.0 | 1.0 | 1.5 | 0.0 | 10.5 |
| Other current assets | 0.0 | 3.0 | 2.2 | 34.6 | 0.0 | 39.8 |
| Total current assets | 0.8 | 200.0 | 64.2 | 293.2 | (16.9) | 541.3 |
| Equity investments | 74.5 | 767.2 | 213.5 | 3.6 | (1,053.8) | 5.0 |
| Property, plant and equipment, net | 0.0 | 121.2 | 43.1 | 135.4 | 0.0 | 299.7 |
| Goodwill | 0.0 | 39.8 | 149.9 | 57.5 | 0.0 | 247.2 |
| Intangible assets, net | 0.0 | 2.2 | 128.1 | 37.4 | 0.0 | 167.7 |
| Deferred tax assets | 0.0 | (1.0) | 1.1 | 7.7 | 0.0 | 7.8 |
| Affiliated loan receivables | 0.0 | 40.5 | 212.0 | 40.9 | (293.4) | 0.0 |
| Other noncurrent assets | 0.0 | 19.1 | 5.2 | 0.9 | 0.0 | 25.2 |
| Total assets | \$75.3 | \$1,189.0 | \$817.1 | \$576.6 | (\$1,364.1) | \$1,293.9 |
| LIABILITIES AND EQUITY | | | | | | |
| Accounts payable | \$ 0.1 | \$ 60.9 | \$ 9.0 | \$ 50.6 | \$ 0.0 | \$ 120.6 |
| Affiliated payables | 0.0 | 13.2 | 2.7 | 13.5 | (29.4) | 0.0 |
| Accrued liabilities | 5.2 | 37.9 | 29.5 | 55.0 | 0.0 | 127.6 |
| Short-term debt and current portion of long-term debt | 0.0 | 30.0 | 0.0 | 13.9 | 0.0 | 43.9 |
| Total current liabilities | 5.3 | 142.0 | 41.2 | 133.0 | (29.4) | 292.1 |
| Long-term debt | 0.0 | 764.0 | 0.0 | 42.6 | 0.0 | 806.6 |
| Affiliated debt | 0.0 | 145.5 | 35.9 | 112.0 | (293.4) | 0.0 |
| Other long-term liabilities | 0.0 | 68.6 | 7.7 | 35.0 | 0.0 | 111.3 |
| Total liabilities | 5.3 | 1,120.1 | 84.8 | 322.6 | (322.8) | 1,210.0 |
| Koppers shareholders' equity | 70.0 | 68.9 | 732.3 | 240.1 | (1,041.3) | 70.0 |
| Noncontrolling interests | 0.0 | 0.0 | 0.0 | 13.9 | 0.0 | 13.9 |
| Total liabilities and equity | \$75.3 | \$1,189.0 | \$817.1 | \$576.6 | (\$1,364.1) | \$1,293.9 |

Condensed Consolidating Balance Sheet December 31, 2013

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

Condensed Consolidating Statement of Cash Flows For the Year Ended December 31, 2014

| | Parent | Koppers Inc. | Domestic Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Consolidating Adjustments | Consolidated |
|--|--------|--------------|---------------------------------------|-------------------------------|------------------------------|--------------|
| <i>(Dollars in millions)</i> | | | | | | |
| Cash provided by (used in) operating activities | \$21.8 | \$ 23.8 | \$ 34.7 | \$ 9.5 | \$(54.3) | \$35.5 |
| Cash provided by (used in) investing activities: | | | | | | |
| Capital expenditures and acquisitions | 0.0 | (518.5) | (16.7) | (59.9) | 14.8 | (580.3) |
| (Loans to) repayments from affiliates | 0.0 | (32.2) | (38.9) | 0.0 | 71.1 | 0.0 |
| Net cash proceeds from divestitures and asset sales | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 | 0.3 |
| Net cash used in investing activities | 0.0 | (550.6) | (55.5) | (59.8) | 85.9 | (580.0) |
| Cash provided by (used in) financing activities: | | | | | | |
| Borrowings (repayments) of long-term debt | 0.0 | 497.0 | 0.0 | 50.5 | 0.0 | 547.5 |
| Borrowings (repayments) of affiliated debt | 0.0 | 35.8 | 27.6 | 7.7 | (71.1) | 0.0 |
| Deferred financing costs | 0.0 | (11.1) | 0.0 | 0.0 | 0.0 | (11.1) |
| Other financing activities | 0.0 | 0.0 | 0.0 | 1.4 | 0.0 | 1.4 |
| Dividends paid | (20.5) | (23.6) | (6.1) | (24.5) | 54.3 | (20.4) |
| Stock issued (repurchased) | (1.3) | 0.0 | 0.0 | 14.8 | (14.8) | (1.3) |
| Net cash provided by (used in) financing activities | (21.8) | 498.1 | 21.5 | 49.9 | (31.6) | 516.1 |
| Effect of exchange rates on cash | 0.0 | (1.2) | 1.0 | (2.5) | 0.0 | (2.7) |
| Net increase (decrease) in cash and cash equivalents | 0.0 | (29.9) | 1.7 | (2.9) | 0.0 | (31.1) |
| Cash and cash equivalents at beginning of year | 0.0 | 29.9 | 0.1 | 52.2 | 0.0 | 82.2 |
| Cash and cash equivalents at end of period | \$ 0.0 | \$ 0.0 | \$ 1.8 | \$ 49.3 | \$ 0.0 | \$51.1 |

Condensed Consolidating Statement of Cash Flows For the Year Ended December 31, 2013

| | Parent | Koppers Inc. | Domestic Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Consolidating Adjustments | Consolidated |
|--|--------|--------------|---------------------------------------|-------------------------------|------------------------------|--------------|
| <i>(Dollars in millions)</i> | | | | | | |
| Cash provided by (used in) operating activities | \$37.8 | \$ 278.7 | \$ 130.1 | \$ 47.6 | \$(376.6) | \$117.6 |
| Cash provided by (used in) investing activities: | | | | | | |
| Capital expenditures and acquisitions | 0.0 | (23.3) | 0.0 | (51.9) | 0.0 | (75.2) |
| (Loans to) repayments from affiliates | 0.0 | (0.8) | 193.2 | (1.7) | (190.7) | 0.0 |
| Net cash proceeds (payments) from divestitures and asset sales | 0.0 | 1.3 | 0.0 | 1.6 | 0.0 | 2.9 |
| Net cash used in investing activities | 0.0 | (22.8) | 193.2 | (52.0) | (190.7) | (72.3) |
| Cash provided by (used in) financing activities: | | | | | | |
| Borrowings (repayments) of long-term debt | 0.0 | 0.0 | 0.0 | 6.6 | 0.0 | 6.6 |
| Borrowings of affiliated long-term debt | 0.0 | (191.5) | 0.8 | 0.0 | 190.7 | 0.0 |
| Deferred financing costs | 0.0 | (1.3) | 0.0 | 0.0 | 0.0 | (1.3) |
| Dividends paid | (20.5) | (38.5) | (324.0) | (14.7) | 376.6 | (21.1) |
| Stock issued and repurchased | (17.3) | 0.0 | 0.0 | 0.0 | 0.0 | (17.3) |
| Other financing receipts | 0.0 | 0.5 | 0.0 | 2.3 | 0.0 | 2.8 |
| Net cash provided by (used in) financing activities | (37.8) | (230.8) | (323.2) | (5.8) | 567.3 | (30.3) |
| Effect of exchange rates on cash | 0.0 | 0.0 | 0.0 | 0.5 | 0.0 | 0.5 |
| Net increase in cash and cash equivalents | 0.0 | 25.1 | 0.1 | (9.7) | 0.0 | 15.5 |
| Cash and cash equivalents at beginning of year | 0.0 | 4.8 | 0.0 | 61.9 | 0.0 | 66.7 |
| Cash and cash equivalents at end of period | \$ 0.0 | \$ 29.9 | \$ 0.1 | \$ 52.2 | \$ 0.0 | \$ 82.2 |

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

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

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, have evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as of the end of the period covered by this report. Based on that evaluation, our chief executive officer and chief financial officer have concluded that these controls and procedures were effective as of the end of the period covered by this report.

(b) Changes in Internal Control Over Financial Reporting

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

See Management Report on page 44 for management's annual report on internal control over financial reporting. See Report of Independent Registered Public Accounting Firm on page 46 for Ernst & Young LLP's attestation report on internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

On February 24, 2015, our management, development and compensation committee approved, and our board of directors ratified, the Koppers Annual Incentive Plan (the "Annual Incentive Plan"), which is the company's annual bonus/cash incentive plan beginning with fiscal year 2015. The Annual Incentive Plan replaces certain of the company's prior annual bonus/cash incentive plans, namely, our Senior Management Corporate Incentive Plan and our Management Incentive Plan.

Under the Annual Incentive Plan, eighty percent (80%) of a participant's incentive opportunity will be based on company performance goals, while the remaining twenty percent (20%) will be based solely on individual goals independent of company performance goals. The company performance goals are measured compared to targeted levels established at the beginning of each year. The performance goals are based on the earnings before interest, taxes, depreciation and amortization (or "EBITDA") at either the consolidated company level or a combination of the consolidated company level and applicable business unit level. EBITDA as measured under the Annual Incentive Plan may be adjusted by the management, development and compensation committee or the board of directors in its discretion to account for certain extraordinary items.

The preceding description of the Annual Incentive Plan is qualified and supplemented in all respects by the plan document, which is attached hereto as Exhibit 10.97 and is incorporated herein by reference.

On February 24, 2015, our management, development and compensation committee approved, and our board of directors ratified, a special incentive award to Walter W. Turner, a director of Koppers Holdings Inc. and former President and Chief Executive of Koppers Holdings Inc. and Koppers Inc., with a grant date of March 3, 2015. Mr. Turner's award consists of time-based restricted stock units valued at approximately \$161,500. Mr. Turner's award will vest twelve (12) months after the grant date provided, however, that if Mr. Turner's service as a director terminates, for any reason, prior to the vesting date, the stock units will vest ratably over the service period. There are special vesting provisions related to a change in control. Dividends declared on the Company's common stock during the restricted period of this award will be credited at equivalent value as additional stock units and become payable as additional common shares upon vesting.

The preceding description of Mr. Turner's award is qualified and supplemented in all respects by the award agreement, which is attached hereto as Exhibit 10.102 and is incorporated herein by reference.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 401 of Regulation S-K with respect to directors is contained in our definitive Proxy Statement for our 2015 Annual Meeting of Shareholders (the "Proxy Statement") which we will file with the Securities and Exchange Commission, pursuant to Regulation 14A, not later than 120 days after the end of the Company's fiscal year under the caption "Proxy Item 1 – Proposal for Election of Directors", and is incorporated herein by reference.

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

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

The information required by Item 407(c)(3) of Regulation S-K is included in the Proxy Statement under the caption "Corporate Governance Matters — Nomination Procedures" and is incorporated herein by reference.

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

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

ITEM 11. EXECUTIVE COMPENSATION

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

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

The information required by Item 12 is contained in Part II, Item 5 of this report under "Equity Compensation Plans" and in the Proxy Statement under the captions "Common Stock Ownership" and is incorporated herein by reference.

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

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

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

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

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements

Financial statements filed as part of this report are included in “Item 8 – Financial Statements and Supplementary Data” as listed on the index on page 43.

(a) 2. Financial Statement Schedules

“Schedule II – Valuation and Qualifying Accounts and Reserves is included on page 97. All other schedules are omitted because they are not applicable or the required information is contained in the applicable financial statements or notes thereto.

(a) 3. Exhibits

EXHIBIT INDEX

| <i>Exhibit No.</i> | <i>Exhibit</i> |
|--------------------|--|
| 2.1 | Joint Venture Contract for the establishment of Koppers (Jiangsu) Carbon Chemical Company Limited between Koppers International B.V. and Yizhou Group Company Limited dated September 10, 2012 (incorporated by reference to exhibit 2.1 to the Company's Quarterly Report on Form 10-Q filed on November 9, 2012) (Commission File No. 001-32737). |
| 2.2 | Asset Purchase Agreement by and between Tolko Industries Ltd., Koppers Ashcroft Inc. and Koppers Inc., dated as of January 7, 2014 (incorporated by reference to exhibit 2.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013 filed on March 3, 2014) (Commission File No. 001-32737). |
| 2.3 | Stock Purchase Agreement by and among Osmose Holdings, Inc., Osmose, Inc., Osmose Railroad Services, Inc., and Koppers Inc., dated as of April 13, 2014 (incorporated by reference to exhibit 2.3 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2014) (Commission File No. 001-32737). |
| 2.4 | Amendment No. 1 to Stock Purchase Agreement, dated as of August 15, 2014, by and among Koppers Inc., Osmose Holdings, Inc., Osmose, Inc. and Osmose Railroad Services, Inc. (incorporated by reference to exhibit 2.4 to the Company's Quarterly Report on Form 10-Q filed on November 10, 2014) (Commission File No. 001-32737). |
| 3.1 | Amended and Restated Articles of Incorporation of the Company, as amended on May 2, 2014 (incorporated by reference to exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed on May 7, 2014) (Commission File No. 001-32737). |
| 3.2 | Amended and Restated Bylaws of the Company, as amended on August 6, 2014 (incorporated by reference to exhibit 3.2 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2014) (Commission File No. 001-32737). |
| 4.1 | Indenture, by and among Koppers Inc., Koppers Holdings Inc., the Subsidiary Guarantors party thereto and Wells Fargo Bank, National Association, dated as of December 1, 2009 (incorporated by reference to exhibit 4.1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2009 filed on February 19, 2010) (Commission File No. 001-32737). |
| 4.2 | Subscription Agreement by and between Koppers Inc. and Mr. Walter Turner dated December 1, 2009 (incorporated by reference to exhibit 4.2 of the Company's Annual Report on Form 10-K for the year ended December 31, 2009 filed on February 19, 2010) (Commission File No. 001-32737). |
| 4.3 | Exchange and Registration Rights Agreement by and among Koppers Inc., Koppers Holdings and the other guarantors party hereto, Goldman, Sachs & Co., Banc of America Securities LLC, RBS Securities Inc. and UBS Securities LLC, dated December 1, 2009 (incorporated by reference to exhibit 4.3 of the Company's Annual Report on Form 10-K for the year ended December 31, 2009 filed on February 19, 2010) (Commission File No. 001-32737). |
| 4.4 | Supplemental Indenture, dated as of February 24, 2010, to the Indenture dated as of December 1, 2009 among Koppers Ventures LLC, Koppers Inc., Koppers Holdings Inc., as Guarantor, each of the subsidiary guarantors party thereto and Wells Fargo Bank, National Association (incorporated by reference to exhibit 10.96 to the Company's Quarterly Report on Form 10-Q filed on November 10, 2014) (Commission File No. 001-32737). |
| 4.5 | Second Supplemental Indenture, dated as of August 15, 2014, to the Indenture dated as of December 1, 2009 among Koppers Inc., Koppers Holdings Inc., as Guarantor, each of the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to exhibit 10.97 to the Company's Quarterly Report on Form 10-Q filed on November 10, 2014) (Commission File No. 001-32737). |
| 10.1 | Asset Purchase Agreement by and between Koppers Inc. and Koppers Company, Inc., dated as of December 28, 1988 (incorporated by reference to respective exhibits to the Koppers Inc.'s Prospectus filed on February 7, 1994). |
| 10.2 | Asset Purchase Agreement Guarantee provided by Beazer PLC, dated as of December 28, 1988 (incorporated by reference to respective exhibits to the Koppers Inc.'s Prospectus filed on February 7, 1994). |

| Exhibit No. | Exhibit |
|-------------|--|
| 10.9* | Employment agreement with Steven R. Lacy dated April 5, 2002 (incorporated by reference to Exhibit 10.35 of the Koppers Inc. Form 10-K for the year ended December 31, 2002 filed on March 5, 2003) (Commission File No. 001-12716). |
| 10.12* | Retirement Plan of Koppers Industries, Inc. and Subsidiaries for Salaried Employees (incorporated by reference to exhibits to the Koppers Inc. Prospectus filed on February 7, 1994 pursuant to Rule 424(b) of the Securities Act of 1933, as amended, in connection with the offering of the 8 1/2% Senior Notes due 2004). |
| 10.13* | Koppers Industries, Inc. Non-contributory Long Term Disability Plan for Salaried Employees (incorporated by reference to respective exhibits to the Koppers Inc. Prospectus filed on February 7, 1994 pursuant to Rule 424(b) of the Securities Act of 1933, as amended, in connection with the offering of the 8 1/2% Senior Notes due 2004). |
| 10.14* | Koppers Industries, Inc. Employee Savings Plan (incorporated by reference to respective exhibits to the Koppers Inc. Prospectus filed on February 7, 1994 pursuant to Rule 424(b) of the Securities Act of 1933, as amended, in connection with the offering of the 8 1/2% Senior Notes due 2004). |
| 10.15* | Koppers Industries, Inc. Survivor Benefit Plan (incorporated by reference to respective exhibits to the Koppers Inc. Prospectus filed on February 7, 1994 pursuant to Rule 424(b) of the Securities Act of 1933, as amended, in connection with the offering of the 8 1/2% Senior Notes due 2004). |
| 10.22* | Employment agreement with Brian H. McCurrie dated October 13, 2003 (incorporated by reference to exhibit 10.15 to the Koppers Inc. Form 10-K for the year ended December 31, 2003 filed on March 18, 2004) (Commission File No. 001-12716). |
| 10.32 | Amendment and Restatement to Article VII of the Asset Purchase Agreement by and between Koppers Inc. and Beazer East, Inc., dated July 15, 2004 (incorporated by reference to exhibit 10.33 to the Koppers Inc. Quarterly Report on Form 10-Q filed on August 6, 2004) (Commission File No. 001-12716). |
| 10.34 | Agreement and Plan of Merger dated as of November 18, 2004, by and among Koppers Inc., Merger Sub for KI Inc. and Koppers Holdings Inc. (f/k/a KI Holdings Inc.) (incorporated by reference to exhibit 10.34 to the Company's Registration Statement on Form S-4 filed on February 14, 2005) (Registration No. 333-122810). |
| 10.37* | Koppers Holdings Inc. 2005 Long Term Incentive Plan, as Amended and Restated effective February 28, 2014 (incorporated by reference to Appendix B to the Company's Definitive Proxy Statement for its 2014 Annual Meeting of Shareholders filed on March 27, 2014) (Commission File No. 001-32737). |
| 10.42 | Asset Purchase Agreement dated April 28, 2006 between Reilly Industries, Inc. and Koppers Inc. (incorporated by reference to exhibit 99.1 to the Company's Current Report on Form 8-K filed on April 28, 2006) (Commission File No. 001-32737). |
| 10.45 | Joint Venture Contract in relation to the establishment of Tangshan Koppers Kailuan Carbon Chemical Co., LTD, among Kailuan Clean Coal Company Limited, Koppers Mauritius, and Tangshan Iron & Steel Co., Ltd. (incorporated by reference to exhibit 10.45 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006 filed on February 22, 2007) (Commission File No. 001-32737). |
| 10.48* | Koppers Holdings Inc. Benefit Restoration Plan (incorporated by reference to exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2007) (Commission File No. 001-32737). |
| 10.49 | Purchase Agreement dated as of August 3, 2008 by and among Koppers Inc., Carbon Investments, Inc., and ArcelorMittal S.A. (incorporated by reference to exhibit 10.49 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2008) (Commission File No. 001-32737). |
| 10.51* | Koppers Inc. Supplemental Executive Retirement Plan I (incorporated by reference to exhibit 10.51 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008 filed on February 20, 2009) (Commission File No. 001-32737). |
| 10.52* | Koppers Inc. Supplemental Executive Retirement Plan II, as amended and restated (incorporated by reference to exhibit 10.93 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2014) (Commission File No. 001-32737). |

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- 10.53* Amendment to Employment Agreement with Steven R. Lacy effective as of January 1, 2009 (incorporated by reference to exhibit 10.53 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008 filed on February 20, 2009) (Commission File No. 001-32737).
- 10.54* Amendment to Employment Agreement with Brian H. McCurrie effective as of January 1, 2009 (incorporated by reference to exhibit 10.54 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008 filed on February 20, 2009) (Commission File No. 001-32737).
- 10.55* Amendment to Koppers Holdings Inc. Benefit Restoration Plan effective as of January 1, 2009 (incorporated by reference to exhibit 10.55 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008 filed on February 20, 2009) (Commission File No. 001-32737).
- 10.56* Amendment to the Employee Savings Plan of Koppers Inc. and Subsidiaries effective as of January 1, 2008 (incorporated by reference to exhibit 10.56 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008 filed on February 20, 2009) (Commission File No. 001-32737).
- 10.57* Amendment to the Retirement Plan for Koppers Inc. effective January 1, 2008 (incorporated by reference to exhibit 10.57 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008 filed on February 20, 2009) (Commission File No. 001-32737).
- 10.62* Restricted Stock Unit Issuance Agreement – Time Vesting (incorporated by reference to exhibit 10.62 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 25, 2013) (Commission File No. 001-32737).
- 10.63* Restricted Stock Unit Issuance Agreement – Performance Vesting (incorporated by reference to exhibit 10.63 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 25, 2013) (Commission File No. 001-32737).
- 10.64* Notice of Grant of Stock Option (incorporated by reference to exhibit 10.64 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 25, 2013) (Commission File No. 001-32737).
- 10.65* Amendment #2 to Employment Agreement with Brian H. McCurrie effective May 1, 2010 (incorporated by reference to exhibit 10.65 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 filed on February 22, 2011) (Commission File No. 001-32737).
- 10.66* Form of Koppers Holdings Inc. Restricted Stock Unit Issuance Agreement Non-Employee Director – Time Vesting (incorporated by reference to exhibit 10.66 to the Company's Quarterly Report on Form 10-Q filed on May 5, 2011) (Commission File No. 001-32737).
- 10.68* Summary of Terms and Conditions of Employment between Mark R. McCormack and Koppers (incorporated by reference to exhibit 10.68 to the Company's Quarterly Report on Form 10-Q filed on May 5, 2011) (Commission File No. 001-32737).
- 10.73* Amendment No. 2 to Employment Agreement with Steven R. Lacy effective December 19, 2012 (incorporated by reference to exhibit 10.73 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 25, 2013) (Commission File No. 001-32737).
- 10.74* Amendment No. 3 to Employment Agreement with Brian McCurrie effective December 19, 2012 (incorporated by reference to exhibit 10.74 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 25, 2013) (Commission File No. 001-32737).
- 10.75* Employment Agreement between Koppers Inc. and Walter W. Turner effective January 1, 2013 (incorporated by reference to exhibit 10.75 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 25, 2013) (Commission File No. 001-32737).
- 10.76* 2013 Restricted Stock Unit Issuance Agreement – Time Vesting for Walter W. Turner (incorporated by reference to exhibit 10.76 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 25, 2013) (Commission File No. 001-32737).
- 10.77* 2013 Restricted Stock Unit Issuance Agreement – Performance Vesting for Walter W. Turner (incorporated by reference to exhibit 10.77 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 25, 2013) (Commission File No. 001-32737).
- 10.78* 2013 Notice of Grant of Stock Option for Walter W. Turner (incorporated by reference to exhibit 10.78 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 25, 2013) (Commission File No. 001-32737).

| Exhibit No. | Exhibit |
|-------------|--|
| 10.80* | Form of Amended and Restated Change in Control Agreement entered into as of May 6, 2013 between the Company and the named Executive (incorporated by reference to exhibit 10.80 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013) (Commission File No. 001-32737). |
| 10.81* | Amendment No. 3 to Employment Agreement with Steven R. Lacy effective August 7, 2013 (incorporated by reference to exhibit 10.81 to the Company's Quarterly Report on Form 10-Q filed on November 7, 2013) (Commission File No. 001-32737). |
| 10.82* | Amendment No. 4 to Employment Agreement with Brian H. McCurrie effective August 7, 2013 (incorporated by reference to exhibit 10.82 to the Company's Quarterly Report on Form 10-Q filed on November 7, 2013) (Commission File No. 001-32737). |
| 10.84* | 2014 Restricted Stock Unit Issuance Agreement – Time Vesting (incorporated by reference to exhibit 10.84 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013 filed on March 3, 2014) (Commission File No. 001-32737). |
| 10.85* | 2014 Restricted Stock Unit Issuance Agreement – Time Vesting for Walter W. Turner (incorporated by reference to exhibit 10.85 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013 filed on March 3, 2014) (Commission File No. 001-32737). |
| 10.86* | Senior Management Corporate Incentive Plan (incorporated by reference to exhibit 10.86 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013 filed on March 3, 2014) (Commission File No. 001-32737). |
| 10.87* | Management Incentive Plan (incorporated by reference to exhibit 10.87 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013 filed on March 3, 2014) (Commission File No. 001-32737). |
| 10.88* | EBIT Based Management Incentive Plan (incorporated by reference to exhibit 10.88 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013 filed on March 3, 2014). |
| 10.89* | Letter dated April 24, 2014 from Koppers Inc. to Brian H. McCurrie (incorporated by reference to exhibit 10.90 to the Company's Quarterly Report on Form 10-Q filed on May 7, 2014) (Commission File No. 001-32737). |
| 10.90* | Agreement and General Release by and between Brian H. McCurrie and Koppers Inc., dated as of July 29, 2014 (incorporated by reference to exhibit 10.92 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2014) (Commission File No. 001-32737). |
| 10.91 | Credit Agreement, dated as of August 15, 2014, by and among Koppers Inc., as Borrower, the Guarantors party thereto, the Lenders party thereto and PNC Bank, National Association, as Administrative Agent (incorporated by reference to exhibit 10.95 to the Company's Quarterly Report on Form 10-Q filed on November 10, 2014) (Commission File No. 001-32737). |
| 10.92* | Key Employee Non-Competition Agreement, dated November 8, 2006, between Osmose Holdings, Inc. and Paul Goydan (incorporated by reference to exhibit 10.98 to the Company's Quarterly Report on Form 10-Q filed on November 10, 2014) (Commission File No. 001-32737). |
| 10.93* | Amendment No. 1 to Key Employee Non-Competition Agreement, dated April 2, 2012, between Osmose Holdings, Inc. and Paul Goydan (incorporated by reference to exhibit 10.99 to the Company's Quarterly Report on Form 10-Q filed on November 10, 2014) (Commission File No. 001-32737). |
| 10.94* | Employment Letter Agreement, dated March 14, 2012, between Osmose, Inc. and Paul Goydan (incorporated by reference to exhibit 10.100 to the Company's Quarterly Report on Form 10-Q filed on November 10, 2014) (Commission File No. 001-32737). |
| 10.95* | Amendment to Employment Letter Agreement, dated June 25, 2014, by and among Osmose, Inc. and Paul Goydan (incorporated by reference to exhibit 10.101 to the Company's Quarterly Report on Form 10-Q filed on November 10, 2014) (Commission File No. 001-32737). |
| 10.96*** | First Amendment to Credit Agreement and Consent and Waiver, dated as of December 17, 2014 by and among Koppers Inc., the Guarantors party thereto, the Lenders party thereto and PNC Bank, National Association, as Administrative Agent. |

| <i>Exhibit No.</i> | <i>Exhibit</i> |
|--------------------|--|
| 10.97* *** | Koppers Annual Incentive Plan. |
| 10.98* *** | Restricted Stock Unit Issuance Agreement – Time Vesting. |
| 10.99* *** | Restricted Stock Unit Issuance Agreement – Performance Vesting. |
| 10.100* *** | Notice of Grant of Stock Option. |
| 10.101* *** | Executive Income Summary for Paul Goydan. |
| 10.102* *** | 2015 Restricted Stock Unit Issuance Agreement – Time Vesting for Walter W. Turner |
| 12.1*** | Computation of ratio of earnings to fixed charges. |
| 21*** | List of subsidiaries of the Company. |
| 23.1*** | Consent of Independent Registered Public Accounting Firm. |
| 24*** | Powers of Attorney. |
| 31.1*** | Certification of Chief Executive Officer pursuant to Rule 13a-14(a). |
| 31.2*** | Certification of Chief Financial Officer pursuant to Rule 13a-14(a). |
| 32.1*** | Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 1350. |
| 101.INS*** | XBRL Instance Document |
| 101.SCH*** | XBRL Taxonomy Extension Schema Document |
| 101.CAL*** | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF*** | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB*** | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE*** | XBRL Taxonomy Extension Presentation Linkbase Document |

* *Management Contract or Compensatory Plan.*

*** *Filed herewith.*

KOPPERS HOLDINGS INC.

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS

For the years ended December 31, 2014, 2013 and 2012

| | Balance at Beginning of Year | Business Acquisition | Increase (Decrease) to Expense | Net (Write- Offs) Recoveries | Currency Translation | Balance at End of Year |
|----------------------------------|------------------------------------|-------------------------|--------------------------------------|---------------------------------------|-------------------------|------------------------------|
| <i>(Dollars in millions)</i> | | | | | | |
| 2014 | | | | | | |
| Allowance for doubtful accounts | \$ 3.6 | \$2.6 | \$ (0.2) | \$ 0.0 | \$(0.4) | \$ 5.6 |
| Inventory obsolescence reserves | \$ 1.7 | \$0.8 | \$ 1.0 | \$ 0.0 | \$(0.1) | \$ 3.4 |
| Deferred tax valuation allowance | \$19.7 | \$1.5 | \$11.4 | \$ 0.0 | \$(0.2) | \$32.4 |
| 2013 | | | | | | |
| Allowance for doubtful accounts | \$ 3.7 | \$0.0 | \$ (0.2) | \$ 0.0 | \$ 0.1 | \$ 3.6 |
| Inventory obsolescence reserves | \$ 1.1 | \$0.0 | \$ 0.7 | \$ 0.0 | \$(0.1) | \$ 1.7 |
| Deferred tax valuation allowance | \$17.4 | \$0.0 | \$ 2.6 | \$(0.2) | \$(0.1) | \$19.7 |
| 2012 | | | | | | |
| Allowance for doubtful accounts | \$ 0.3 | \$0.0 | \$ 3.2 | \$ 0.0 | \$ 0.2 | \$ 3.7 |
| Inventory obsolescence reserves | \$ 1.4 | \$0.0 | \$ 0.5 | \$(0.8) | \$ 0.0 | \$ 1.1 |
| Deferred tax valuation allowance | \$10.2 | \$0.0 | \$ 8.8 | \$(1.6) | \$ 0.0 | \$17.4 |

SIGNATURES

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

KOPPERS HOLDINGS INC.

BY: /s/ MICHAEL J. ZUGAY

Michael J. Zugay
Chief Financial Officer

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

| <i>Signature</i> | <i>Capacity</i> | <i>Date</i> |
|---|---|---|
| <u>/s/ LEROY M. BALL, JR.</u> Leroy M. Ball, Jr. | Director, President and Chief Executive Officer | March 2, 2015 |
| <u>/s/ MICHAEL J. ZUGAY</u> Michael J. Zugay | Chief Financial Officer (Principal Financial and Principal Accounting Officer) | March 2, 2015 |
| David M. Hillenbrand Cynthia A. Baldwin X. Sharon Feng Albert J. Neupaver Louis L. Testoni Stephen R. Tritch Walter W. Turner T. Michael Young | Director and Non-Executive Chairman of the Board Director Director Director Director Director Director | By <u>/s/ LEROY M. BALL, JR.</u> Leroy M. Ball, Jr. <i>Attorney-in-Fact</i> March 2, 2015 |

Exhibit 31.1

CERTIFICATIONS

I, Leroy M. Ball, Jr. certify that:

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

Date: March 2, 2015

/s/ LEROY M. BALL, JR.

Leroy M. Ball, Jr.

President and Chief Executive Officer

CERTIFICATIONS

I, Michael J. Zugay, certify that:

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

Date: March 2, 2015

/s/ MICHAEL J. ZUGAY
Michael J. Zugay
Chief Financial Officer

Exhibit 32.1

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

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

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

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ LEROY M. BALL, JR.
Leroy M. Ball, Jr.
President and Chief Executive Officer
March 2, 2015

/s/ MICHAEL J. ZUGAY
Michael J. Zugay
Chief Financial Officer
March 2, 2015

Board of Directors

David M. Hillenbrand

Non-Executive Chairman of the Board
Retired President
Carnegie Museums of Pittsburgh

Cynthia A. Baldwin

Former Vice President and General Counsel
of The Pennsylvania State University

Leroy M. Ball

President and Chief Executive Officer
Koppers Holdings Inc. and Koppers Inc.

Sharon Feng

Executive Director
Institute for Molecular Engineering
University of Chicago

Albert J. Neupaver

Executive Chairman
Westinghouse Air Brake Technologies Corporation

Louis L. Testoni

Former Lake Erie Managing Partner
of PricewaterhouseCoopers LLP

Stephen R. Tritch

Retired Chairman
Westinghouse Electric Company

Walter W. Turner

Retired President and Chief Executive Officer
Koppers Holdings Inc. and Koppers Inc.

T. Michael Young

Managing Partner
The CapStreet Group LLC

Senior Management

Leroy M. Ball

President and Chief Executive Officer
Koppers Holdings Inc. and Koppers Inc.

James T. Dietz⁽¹⁾

Vice President, Global Business Services
and Technology
Koppers Inc.

Joseph P. Dowd

Vice President, North American
Carbon Materials and Chemicals
Koppers Inc.

Paul A. Goydan

Senior Vice President,
Performance Chemicals
Koppers Inc.

Daniel R. Groves

Vice President, Human Resources
Koppers Inc.

Leslie S. Hyde

Vice President, Safety and Environmental Affairs
Koppers Inc.

Steven R. Lacy

Senior Vice President, Administration,
General Counsel and Secretary
Koppers Holdings Inc. and Koppers Inc.

Thomas D. Loadman

Senior Vice President,
Railroad Products and Services
Koppers Inc.

Mark R. McCormack

Vice President, Australasian Operations
Koppers Inc.

Christian A. Nielsen

Vice President, European Operations
Koppers Inc.

Markus G. Spiess

Vice President, Global Sales and Marketing,
Global Carbon Materials and Chemicals
Koppers Inc.

James A. Sullivan

Senior Vice President,
Global Carbon Materials and Chemicals
Koppers Inc.

Louann Tronsberg-Deihle

Treasurer
Koppers Holdings Inc. and Koppers Inc.

Robin Zhu

Vice President, China Operations
Koppers Inc.

Michael J. Zugay

Chief Financial Officer
Koppers Holdings Inc. and Koppers Inc.

Shareholder Information

Transfer Agent, Registrar of Stock and Dividend Disbursing Agent

Computershare
P.O. Box 30170
College Station, TX 77842-3170

Overnight correspondence should be sent to:
Computershare
211 Quality Circle, Suite 210
College Station, TX 77845

Koppers-dedicated phone: 866 293 5637
TDD for hearing impaired: 800 231 5469
Foreign holders: 201 680 6578
TDD for foreign holders: 201 680 6610

As a convenience to our shareholders who hold their shares with our transfer agent, individuals can access their account information and view 1099-DIVS by logging on at www.computershare.com/investor.

Stock Exchange Listing

Koppers common stock is listed on the New York Stock Exchange (symbol: KOP).

Investor Relations

General Koppers shareholder information may be obtained from Michael W. Snyder, Director, Investor Relations, by calling 412 227 2131, or by writing Koppers Holdings Inc., 436 Seventh Avenue, Pittsburgh, PA 15219.

Company News

Visit www.koppers.com for Securities and Exchange Commission (SEC) filings, quarterly earnings reports, and other company news.

Copies of the annual report and Forms 10-K (Including the financial statements and financial schedules) and 10-Q may be requested at no cost at www.koppers.com or by writing to Michael W. Snyder, Director, Investor Relations, at the corporate headquarters address.

Annual Meeting of Shareholders

Thursday, May 7, 2015, 10 a.m. EDT
Pittsburgh Airport Marriott
777 Aten Road
Coraopolis, PA 15108

World Headquarters

Koppers Holdings Inc.

436 Seventh Avenue
Pittsburgh, Pennsylvania
15219-1800
USA
Telephone: 412 227 2001



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Koppers Holdings Inc.

436 Seventh Avenue

Pittsburgh, PA 15219-1800

412 227 2001

www.koppers.com

