

FORM 10-Q

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

For the quarterly period ended September 30, 2008

Commission file number 1-32737



KOPPERS HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Pennsylvania
(State of incorporation)

20-1878963
(IRS Employer Identification No.)

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

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

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

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

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

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

Common Stock, par value \$0.01 per share, outstanding at October 31, 2008 amounted to 20,373,919 shares.

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<i>(Dollars in millions, except per share amounts)</i>				
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Net sales	\$ 369.4	\$ 329.1	\$ 1,075.9	\$ 946.4
Cost of sales (excluding items below)	295.2	267.6	877.0	769.2
Depreciation and amortization	6.4	7.1	19.7	21.6
Selling, general and administrative expenses	16.2	15.4	49.8	47.3
Operating profit	51.6	39.0	129.4	108.3
Other income (loss)	(0.2)	0.2	(0.5)	0.3
Income before interest expense, income taxes and minority interest	51.4	39.2	128.9	108.6
Interest expense	10.7	11.3	32.1	34.7
Income before income taxes and minority interest	40.7	27.9	96.8	73.9
Income taxes	15.5	10.5	36.1	27.7
Minority interest	0.6	0.8	1.6	2.1
Income from continuing operations	24.6	16.6	59.1	44.1
Income from discontinued operations, net of tax benefit of \$(1.0), \$(0.9), \$(3.0) and \$(2.2)	0.9	2.2	3.9	7.5
Gain on sale of discontinued operations, net of tax expense of \$—, \$4.3, \$— and \$4.3	—	6.7	—	6.7
Net income	\$ 25.5	\$ 25.5	\$ 63.0	\$ 58.3
Earnings per common share:				
Basic –				
Continuing operations	\$ 1.21	\$ 0.81	\$ 2.85	\$ 2.13
Discontinued operations	0.04	0.42	0.19	0.68
Earnings per basic common share	\$ 1.25	\$ 1.23	\$ 3.04	\$ 2.81
Diluted –				
Continuing operations	\$ 1.20	\$ 0.80	\$ 2.84	\$ 2.11
Discontinued operations	0.04	0.42	0.19	0.68
Earnings per diluted common share	\$ 1.24	\$ 1.22	\$ 3.03	\$ 2.79
Weighted average shares outstanding <i>(in thousands)</i> :				
Basic	20,535	20,773	20,735	20,748
Diluted	20,617	20,883	20,812	20,864
Dividends declared per common share	\$ 0.22	\$ 0.17	\$ 0.66	\$ 0.51

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

KOPPERS HOLDINGS INC.
CONDENSED CONSOLIDATED BALANCE SHEET

	September 30, 2008	December 31, 2007
<i>(Dollars in millions, except per share amounts)</i>		
<i>(Unaudited)</i>		
Assets		
Cash and cash equivalents	\$ 12.6	\$ 16.9
Short-term investments	8.5	2.1
Accounts receivable, net of allowance of \$0.2 and \$0.2	160.3	140.0
Inventories, net	181.6	171.9
Deferred tax benefit	18.5	18.5
Assets of discontinued operations held for sale	22.8	21.6
Other current assets	13.4	22.4
Total current assets	417.7	393.4
Equity in non-consolidated investments	5.7	4.2
Property, plant and equipment, net	148.1	145.2
Goodwill	60.8	62.5
Deferred tax benefit	29.9	38.7
Other assets	22.3	25.3
Total assets	\$ 684.5	\$ 669.3
Liabilities		
Accounts payable	\$ 86.7	\$ 103.6
Dividends payable	4.5	3.5
Accrued liabilities	69.0	63.7
Liabilities of discontinued operations held for sale	8.4	6.8
Short-term debt and current portion of long-term debt	13.0	21.3
Total current liabilities	181.6	198.9
Long-term debt	437.7	418.9
Other long-term liabilities	59.3	65.4
Total liabilities	678.6	683.2
Commitments and contingent liabilities (Note 17)		
Minority interest	8.9	9.4
Stockholders' Deficit		
Senior Convertible Preferred Stock, \$0.01 par value per share; 10,000,000 shares authorized; no shares issued	—	—
Common Stock, \$0.01 par value per share; 40,000,000 shares authorized; 20,997,945 and 20,971,456 shares issued	0.2	0.2
Additional paid-in capital	125.6	124.4
Receivable from Director for purchase of Common Stock	—	(0.6)
Retained deficit	(108.3)	(157.6)
Accumulated other comprehensive income	1.7	12.6
Treasury stock, at cost, 624,026 and 144,905 shares	(22.2)	(2.3)
Total stockholders' deficit	(3.0)	(23.3)
Total liabilities and stockholders' deficit	\$ 684.5	\$ 669.3

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

KOPPERS HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Nine Months Ended September 30,</i>	
	2008	2007
<i>(Dollars in millions)</i>	<i>(Unaudited)</i>	
Cash provided by (used in) operating activities		
Net income	\$ 63.0	\$ 58.3
Adjustments to reconcile net cash provided by operating activities:		
Depreciation and amortization	20.8	25.6
(Gain) loss on sale of fixed assets	0.1	(10.8)
Deferred income taxes	8.2	2.5
Equity income of affiliated companies, net of dividends received	0.7	0.3
Stock-based compensation	2.8	1.5
Change in other liabilities	(0.9)	(10.7)
Minority interest	1.7	0.7
Non-cash interest expense	12.7	11.5
Other	3.1	(2.2)
(Increase) decrease in working capital:		
Accounts receivable	(24.1)	(26.6)
Inventories	(16.7)	(27.5)
Accounts payable	(14.1)	6.7
Accrued liabilities and other working capital	1.0	20.2
Net cash provided by operating activities	58.3	49.5
Cash provided by (used in) investing activities:		
Capital expenditures	(26.5)	(15.6)
Acquisitions	—	(3.9)
Net cash proceeds from divestitures and asset sales	0.3	12.0
Net cash used in investing activities	(26.2)	(7.5)
Cash provided by (used in) financing activities:		
Borrowings of revolving credit	201.3	224.5
Repayments of revolving credit	(195.5)	(243.3)
Repayments of long-term debt	(9.0)	(17.8)
Purchases of Common Stock	(19.9)	—
Payment of deferred financing costs	—	(0.2)
Excess tax benefit from employee stock plans	—	1.2
Dividends paid	(12.7)	(10.6)
Net cash used in financing activities	(35.8)	(46.2)
Effect of exchange rate changes on cash	0.1	0.4
Net increase (decrease) in cash and cash equivalents	(3.6)	(3.8)
Add: Cash of assets held for sale at beginning of year	0.6	1.2
Less: Cash of assets held for sale at end of period	(1.3)	(3.6)
Cash and cash equivalents at beginning of year	16.9	23.2
Cash and cash equivalents at end of period	\$ 12.6	\$ 17.0

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

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and related disclosures have been prepared in accordance with accounting principles generally accepted in the United States applicable to interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation of Koppers Holdings Inc.'s and its subsidiaries' ("Koppers", "Koppers Holdings" or the "Company") financial position and interim results as of and for the periods presented have been included. All such adjustments are of a normal recurring nature unless disclosed otherwise. Because the Company's business is seasonal, results for interim periods are not necessarily indicative of those that may be expected for a full year. The Condensed Consolidated Balance Sheet for December 31, 2007 has been summarized from the audited balance sheet contained in the Annual Report on Form 10-K for the year ended December 31, 2007.

The financial information included herein should be read in conjunction with the Company's audited consolidated financial statements and related notes included in its Annual Report on Form 10-K for the year ended December 31, 2007.

2. New Accounting Guidance

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard No. 160, *Noncontrolling Interests in Consolidated Financial Statements* ("SFAS 160"). SFAS 160 changes the classification of noncontrolling, or minority, interests on the balance sheet and the accounting for and reporting of transactions between the reporting entity and holders of such noncontrolling interests. Under the new standard, noncontrolling interests are considered equity and are to be reported as an element of stockholders' deficit rather than within the mezzanine or liability sections of the balance sheet. In addition, the current practice of reporting minority interest expense or benefit also will change. Under the new standard, net income will encompass the total income before minority interest expense or benefit. The income statement will include separate disclosure of the attribution of income between controlling and noncontrolling interests. Increases and decreases in the noncontrolling ownership interest amount are to be accounted for as equity transactions. SFAS 160 is effective for fiscal years beginning after December 15, 2008 and earlier application is prohibited. We are currently evaluating the impact of adopting SFAS 160 on our financial statements.

3. Accounting Changes

In September 2006, the FASB issued SFAS 157, *Fair Value Measurements*. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007 for financial assets and liabilities, and for fiscal years beginning after November 15, 2008 for other non-recurring non-financial assets and liabilities. The Company adopted SFAS 157 as of January 1, 2008, with the exception of the application of the statement to non-recurring nonfinancial assets and nonfinancial liabilities. Non-recurring nonfinancial assets and nonfinancial liabilities for which we have not applied the provisions of SFAS 157 include those measured at fair value in goodwill impairment testing, indefinite lived intangible assets measured at fair value for impairment testing, asset retirement obligations initially measured at fair value, and those initially measured at fair value in a business combination.

SFAS 157 establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

At September 30, 2008, the Company had an interest rate swap valued at \$(0.3) million and cash surrender values on insurance policies totaling \$1.3 million. Both assets are classified as Level 2 in the valuation hierarchy and are measured from quotes and values received from financial institutions.

4. Dividends and Share Repurchases

On November 5, 2008, the Company's board of directors declared a quarterly dividend of 22 cents per common share, payable on January 5, 2009 to shareholders of record as of November 17, 2008.

On February 6, 2008, the Company's board of directors approved a common stock repurchase program. This program allows for the repurchase of up to \$75.0 million of common stock from time to time in the open market. The program is scheduled to expire in February 2010. The timing of such purchases will be determined by management based on a number of factors including the market price of the Company's common stock; the availability and pursuit of strategic initiatives including investment and acquisition opportunities; operating cash flow and internal capital requirements; and general economic conditions. As of September 30, 2008, 477,918 shares have been repurchased under this program totaling \$19.9 million. Additionally, orders were placed in September 2008 to purchase 19,768 shares totaling \$0.8 million which had not settled by September 30, 2008. Accordingly, these shares are not included in treasury stock as of September 30, 2008.

5. Discontinued Operations

In June 2008, the board of directors authorized management to pursue the sale of Koppers Monessen Partners LP ("Monessen"). Monessen is a metallurgical furnace coke facility that is 95 percent-owned by Koppers Inc. (which serves as the general partner) and five percent owned by a limited partner. Effective as of the end of the second quarter of 2008, Monessen was classified as a discontinued operation in the Company's statement of operations and its assets and liabilities were reclassified as "held for sale" in the balance sheet. Accordingly, the Company's financial statements and earnings per share have been restated for prior periods.

On August 3, 2008, Koppers Inc. and a limited partner signed a definitive agreement to sell Monessen to ArcelorMittal S.A. for cash of \$160.0 million plus working capital of \$10.7 million, subject to post-closing adjustments for changes in working capital. Net cash proceeds, after deduction for the limited partner interest, taxes and transaction costs, are estimated to be approximately \$90.0 million. The transaction subsequently closed on October 1, 2008. The Company expects to recognize, before post-closing adjustments, an after-tax gain of approximately \$85.0 million.

On July 5, 2007, the Company sold its 51 percent interest in Koppers Arch Investments Pty Limited and its subsidiaries ("Koppers Arch") to Arch Chemicals Inc. Effective as of this date, Koppers Arch was classified as a discontinued operation in the Company's statement of operations and earnings per share and the Company's financial statements have been accordingly restated for prior periods.

The following table reflects the operating results of the businesses reported as discontinued operations for the three and nine months ended September 30, 2008 and 2007:

	<i>Net Sales</i>	<i>Operating Profit (Loss)</i>	<i>Net Income</i>
<i>Three Months Ended September 30, 2008</i>			
<i>(Dollars in millions)</i>			
Monessen	\$16.9	\$ (0.1)	\$ 0.9
<i>Three Months Ended September 30, 2007</i>			
<i>(Dollars in millions)</i>			
Monessen	\$18.0	\$ 1.2	\$ 2.2
<i>Nine Months Ended September 30, 2008</i>			
<i>(Dollars in millions)</i>			
Monessen	\$50.2	\$ 1.0	\$ 3.9

<i>Nine Months Ended September 30, 2007</i> <i>(Dollars in millions)</i>	Net Sales	Operating Profit	Net Income
Monessen	\$54.7	\$ 5.0	\$ 7.4
Koppers Arch	27.1	1.0	0.1
Discontinued operations	\$81.8	\$ 6.0	\$ 7.5

The following table summarizes the net assets held for disposal as of September 30, 2008 and December 31, 2007:

<i>(Dollars in millions)</i>	September 30, 2008	December 31, 2007
Cash and cash equivalents	\$ 1.3	\$ 0.6
Accounts receivable	7.7	8.0
Inventories, net	8.8	7.8
Property, plant and equipment, net	9.4	10.5
Deferred tax benefit	(4.4)	(5.3)
Total assets of discontinued operations held for sale	\$ 22.8	\$ 21.6
Accounts payable	\$ 5.7	\$ 5.7
Accrued liabilities	2.7	1.1
Total liabilities of discontinued operations held for sale	\$ 8.4	\$ 6.8

6. Comprehensive Income

Total comprehensive income for the three and nine months ended September 30, 2008 and 2007 is summarized in the table below:

<i>(Dollars in millions)</i>	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2008	2007	2008	2007
Net income	\$ 25.5	\$ 25.5	\$ 63.0	\$ 58.3
Other comprehensive income (loss):				
Change in currency translation adjustment	(23.1)	5.5	(10.6)	13.0
Business divestiture	—	(3.0)	—	(3.0)
Change in unrecognized pension transition asset, net of tax	—	(0.1)	(0.1)	(0.2)
Change in prior service cost, net of tax	—	(0.1)	0.1	(0.1)
Change in unrecognized pension net loss, net of tax	0.1	0.4	(0.3)	0.9
Total comprehensive income	\$ 2.5	\$ 28.2	\$ 52.1	\$ 68.9

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 restricted and performance stock units assuming such stock units were outstanding common shares at the beginning of the period. The effect of antidilutive securities is excluded from the computation of diluted earnings per common share. For this reason, the nonqualified stock options totaling 45,712 and 36,503, respectively, were not included in the computation of diluted earnings per common share for the three and nine months ended September 30, 2008.

The following tables set forth the computation of basic and diluted earnings per common share:

	Three Months Ended September 30,			
	2008		2007	
	Basic	Diluted	Basic	Diluted
<i>(Dollars in millions, except share amounts, in thousands and per share amounts)</i>				
Income from continuing operations	\$ 24.6	\$ 24.6	\$ 16.6	\$ 16.6
Shares of common stock outstanding:				
Weighted-average common shares outstanding	20,535	20,535	20,773	20,773
Effect of dilutive securities	—	82	—	110
Average common shares	20,535	20,617	20,773	20,883
Earnings per common share	\$ 1.21	\$ 1.20	\$ 0.81	\$ 0.80

	Nine Months Ended September 30,			
	2008		2007	
	Basic	Diluted	Basic	Diluted
<i>(Dollars in millions, except share amounts, in thousands and per share amounts)</i>				
Income from continuing operations	\$ 59.1	\$ 59.1	\$ 44.1	\$ 44.1
Shares of common stock outstanding:				
Weighted-average common shares outstanding	20,735	20,735	20,748	20,748
Effect of dilutive securities	—	77	—	116
Average common shares	20,735	20,812	20,748	20,864
Earnings per common share	\$ 2.85	\$ 2.84	\$ 2.13	\$ 2.11

8. Stock-based Compensation

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

On February 6, 2008, the board of directors awarded 23,534 restricted stock units and 47,495 performance stock units to certain employee participants (collectively, the "stock units") with a grant date of February 25, 2008. The restricted stock units will vest ratably in February 2011, assuming continued employment by the participant. The performance stock units will vest upon the attainment of the applicable performance objective at the end of a three-year measurement period ending on December 31, 2010. The applicable performance objective is based upon a three-year cumulative value creation calculation commencing January 1, 2008. 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. There are special vesting provisions for the stock units related to a change in control.

In accordance with accounting standards, 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 September 30, 2008:

<i>Performance Period</i>	<i>Minimum Shares</i>	<i>Target Shares</i>	<i>Maximum Shares</i>
2007 – 2009	—	65,500	98,250
2008 – 2010	—	47,495	71,243

The following table shows a summary of the status and activity of non-vested stock awards for the nine months ended September 30, 2008:

	<i>Restricted Stock Units</i>	<i>Performance Stock Units</i>	<i>Total Stock Units</i>	<i>Weighted Average Grant Date Fair Value per Unit</i>
Nonvested at January 1, 2008	136,443	68,450	204,893	\$ 14.28
Granted	23,534	47,495	71,029	\$ 39.99
Credited from dividends	493	1,030	1,523	\$ 33.47
Vested	(6,183)	—	(6,183)	\$ 25.59
Forfeited	(5,107)	(2,210)	(7,317)	\$ 13.43
Nonvested September 30, 2008	149,180	114,765	263,945	\$ 21.07

Also on February 6, 2008, the board of directors awarded 47,712 stock options to certain executive officers which vest and become exercisable upon the completion of a three-year service period commencing on the third anniversary of the grant date of February 25, 2008. The stock options have a term of 10 years. In the event of termination of employment, all unvested stock options shall terminate and cease to be outstanding, except to the extent specifically authorized by the plan administrator. There are special vesting provisions for the stock options related to a change in control.

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

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

The dividend yield is based on the Company's current and prospective dividend rate which calculates a continuous dividend yield based upon the market price of the underlying common stock. The expected life in years is based on the simplified method permitted under Securities and Exchange Commission Staff Accounting Bulletin No. 107 which calculates the average of the weighted vesting term and the contractual term of the option. This method was selected due to the lack of historical exercise data with respect to the Company. Expected volatility is based on the historical volatility of the Company's common stock and the historical volatility of certain other similar public companies. The risk-free interest rate is based on U.S. Treasury bill rates for the expected life of the option.

The following table shows a summary of the status and activity of stock options for the nine months ended September 30, 2008:

	Options	Weighted Average Exercise Price per Option	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2008	60,200	\$ 29.97		
Granted	45,712	\$ 39.99		
Exercised	(806)	\$ 29.97		
Forfeited	(1,794)	\$ 29.97		
Outstanding at September 30, 2008	103,312	\$ 34.40	8.95	\$ 0.4
Exercisable at September 30, 2008	—	\$ —	—	\$ —

Total stock-based compensation expense recognized for the three and nine months ended September 30, 2008 and 2007 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
<i>(Dollars in millions)</i>				
Stock-based compensation expense recognized:				
Selling, general and administrative expenses	\$ 0.6	\$ 0.5	\$ 2.8	\$ 1.5
Less related income tax benefit	0.2	0.2	1.1	0.6
	\$ 0.4	\$ 0.3	\$ 1.7	\$ 0.9

For the nine months ended September 30, 2008, shares issued under the LTIP for board or director compensation totaled 19,500 shares. As of September 30, 2008, total future compensation expense related to non-vested stock-based compensation arrangements totaled \$4.8 million and the weighted-average period over which this cost is expected to be recognized is approximately 24 months.

9. Segment Information

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

The Company's Carbon Materials & Chemicals segment is primarily a supplier of carbon pitch, phthalic anhydride, creosote, carbon black and carbon black feedstock. Carbon pitch is used primarily by the aluminum industry as a binder in the manufacture of anodes. Phthalic anhydride is used in the manufacture of plasticizers, unsaturated polyester resins and alkyd resins. Creosote is used in the protection of timber products against insects, fungal decay and weathering. Carbon black and carbon black feedstock are used in the production of rubber tires.

The Company's Railroad & Utility Products segment provides various products and services to railroads, including crossties (both wood and concrete), track panels and switch pre-assemblies and disposal services. The segment also supplies treated wood poles to electric and telephone utilities and provides products to, and performs various wood treating services for construction and other commercial applications.

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 contained in the Annual Report on Form 10-K for the year ended December 31, 2007. 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:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<i>(Dollars in millions)</i>				
Revenues from external customers:				
Carbon Materials & Chemicals	\$ 245.0	\$ 205.0	\$ 718.4	\$ 577.2
Railroad & Utility Products	124.4	124.1	357.5	369.2
Total	\$ 369.4	\$ 329.1	\$ 1,075.9	\$ 946.4
Intersegment revenues:				
Carbon Materials & Chemicals	\$ 19.7	\$ 20.0	\$ 54.4	\$ 53.8
Railroad & Utility Products	—	—	—	—
Total	\$ 19.7	\$ 20.0	\$ 54.4	\$ 53.8
Depreciation and amortization expense:				
Carbon Materials & Chemicals	\$ 4.7	\$ 5.5	\$ 14.6	\$ 16.5
Railroad & Utility Products	1.7	1.6	5.1	5.1
Total	\$ 6.4	\$ 7.1	\$ 19.7	\$ 21.6
Operating profit:				
Carbon Materials & Chemicals	\$ 44.4	\$ 29.3	\$ 106.6	\$ 74.1
Railroad & Utility Products	7.3	9.9	24.5	35.6
Corporate	(0.1)	(0.2)	(1.7)	(1.4)
Total	\$ 51.6	\$ 39.0	\$ 129.4	\$ 108.3

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

	<u>September 30,</u>	<u>December 31,</u>
	<u>2008</u>	<u>2007</u>
<i>(Dollars in millions)</i>		
Segment assets:		
Carbon Materials & Chemicals	\$ 450.2	\$ 444.9
Railroad & Utility Products	161.3	144.2
Assets of discontinued operations held for sale	22.8	21.6
All other	50.2	58.6
Total	\$ 684.5	\$ 669.3
Goodwill:		
Carbon Materials & Chemicals	\$ 58.7	60.3
Railroad & Utility Products	2.1	2.2
Total	\$ 60.8	\$ 62.5

The decrease in goodwill is a result of changes in currency translation between periods.

10. Income Taxes

Effective Tax Rate

Income taxes as a percentage of pretax income was 37.9 percent and 38.1 percent for the three months ended September 30, 2008 and 2007, respectively. There were no discrete items included in the estimated effective tax rate for either period. The

effective tax rate for the third quarter of 2008 differs from the U.S. federal statutory rate of 35.0 percent due to taxes on foreign earnings (+2.3 percent). With respect to the third quarter of 2007, the effective tax rate differs from the federal statutory rate primarily due to taxes on foreign earnings (+2.3 percent).

Income taxes as a percentage of pretax income was 37.3 percent and 37.6 percent for the nine months ended September 30, 2008 and 2007, respectively. There were no discrete items included in the estimated effective tax rate for either period. The effective tax rate for the nine months ended September 30, 2008 differs from the U.S. federal statutory rate of 35.0 percent due to taxes on foreign earnings (+1.6 percent) and other permanent items (+0.8 percent). With respect to the nine months ended September 30, 2007, the effective tax rate differs from the federal statutory rate primarily due to taxes on foreign earnings (+2.3 percent).

The income tax provision for interim periods is based on an estimated annual effective tax rate, which requires management to make its best estimate of annual pretax income by domestic and foreign jurisdictions and other items that impact taxable income. During the year, management regularly updates estimates based on changes in various factors such as product prices, shipments, product mix, operating and administrative costs, earnings mix by taxable jurisdiction, repatriation of foreign earnings, uncertain tax positions and the ability to claim tax credits such as the non-conventional fuel tax credit. To the extent that actual results vary from the estimates at the end of the third quarter, the actual tax provision recognized for 2008 could be materially different from the forecasted annual tax provision as of the end of the third quarter.

Uncertain Tax Positions

The Company or one of its subsidiaries files income tax returns in U.S. federal jurisdiction, individual U.S. state jurisdictions and non-U.S. jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2003.

As of September 30, 2008 and December 31, 2007, the total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate, was approximately \$2.7 million and \$2.3 million, respectively. Unrecognized tax benefits totaled \$3.1 million and \$2.7 million as of September 30, 2008 and December 31, 2007, respectively. The Company recognizes interest expense and any related penalties from uncertain tax positions in income tax expense. As of September 30, 2008 and December 31, 2007, the Company had accrued approximately \$0.5 million and \$0.4 million, respectively for interest and penalties.

11. Inventories

Net inventories as of September 30, 2008 and December 31, 2007 are summarized in the table below:

	September 30, 2008	December 31, 2007
<i>(Dollars in millions)</i>		
Raw materials	\$ 96.2	\$ 92.8
Work in process	9.9	8.3
Finished goods	109.9	97.7
	216.0	198.8
Less revaluation to LIFO	34.4	26.9
Net	\$ 181.6	\$ 171.9

12. Property, Plant and Equipment

Property, plant and equipment as of September 30, 2008 and December 31, 2007 are summarized in the table below:

	September 30, 2008	December 31, 2007
<i>(Dollars in millions)</i>		
Land	\$ 6.5	\$ 6.7
Buildings	22.3	22.6
Machinery and equipment	508.5	497.6
	537.3	526.9
Less accumulated depreciation	389.2	381.7
Net	\$ 148.1	\$ 145.2

13. Pensions and Postretirement Benefit Plans

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

The Company has frozen its U.S. qualified and corresponding non-qualified defined benefit pension plans for salaried employees effective December 31, 2006. In addition, the Company has negotiated "soft" freezes with respect to a number of hourly defined benefit pension plans. Such negotiated agreements preclude new employees from entering the defined benefit pension plans.

In lieu of the reduction in benefits under the qualified defined benefit plan for U.S. salaried employees, the Company provides, based on age and years of service, a uniform employer contribution of at least three percent and up to a maximum of nine percent of compensation to the salaried employee's defined contribution plan. The Company also matches contributions by salaried employees at an amount equal to 50 percent of the first six percent of compensation contributed by the salaried employee.

With respect to U.S. hourly employees who are not eligible to participate in an hourly defined benefit pension plan, the Company provides a uniform employer contribution of three percent of compensation to the hourly employee's defined contribution plan. The Company also matches contributions by hourly employees at an amount equal to 100 percent of the first one percent and 50 percent on the next two percent of compensation contributed by the hourly employee.

Expense related to the Company's defined contribution plans, including the uniform employer contribution described above, totaled \$1.0 million and \$1.0 million for the three months ended September 30, 2008 and 2007, respectively, and \$3.3 million and \$3.3 million for the nine months ended September 30, 2008 and 2007.

The following table provides the components of net periodic benefit cost for the pension plans for the three and nine months ended September 30, 2008 and 2007:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2008	2007	2008	2007
<i>(Dollars in millions)</i>				
Service cost	\$ 1.0	\$ 0.8	\$ 2.6	\$ 2.7
Interest cost	2.9	2.8	8.9	8.3
Expected return on plan assets	(3.4)	(3.3)	(10.4)	(9.8)
Settlements and curtailments	0.2	—	0.1	—
Amortization of prior service cost	—	—	0.2	0.1
Amortization of net loss	0.1	0.5	0.3	1.4
Amortization of transition asset	(0.1)	(0.1)	(0.3)	(0.3)
Net periodic benefit cost	\$ 0.7	\$ 0.7	\$ 1.4	\$ 2.4

The following table provides the components of net periodic benefit cost for the other postretirement benefits for the three and nine months ended September 30, 2008 and 2007:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2008	2007	2008	2007
<i>(Dollars in millions)</i>				
Service cost	\$ —	\$ —	\$ 0.2	\$ 0.2
Interest cost	0.2	0.2	0.6	0.6
Amortization of prior service cost	—	—	(0.2)	(0.2)
Amortization of net loss	—	—	—	0.1
Net periodic benefit cost	\$ 0.2	\$ 0.2	\$ 0.6	\$ 0.7

14. Debt

Debt at September 30, 2008 and December 31, 2007 was as follows:

	Weighted Average Interest Rate	Maturity	September 30, 2008	December 31, 2007
<i>(Dollars in millions)</i>				
Senior Secured Revolving Credit Facility	4.25%	2009	\$ 26.5	\$ 12.0
Other revolving credit facilities	—%	—	—	9.3
Senior Secured Term Loans	3.99%	2009	22.6	31.6
Senior Secured Notes	9 ⁷ / ₈ %	2013	218.0	217.8
Senior Discount Notes	9 ⁷ / ₈ %	2014	182.2	169.5
Other debt, including capital leases	8.86%	Various	1.4	—
Total			450.7	440.2
Less short term debt and current maturities of long-term debt			13.0	21.3
Long-term debt			\$ 437.7	\$ 418.9

Senior Secured Revolving Credit Facility & Term Loans

The Koppers Inc. senior secured credit facility agreement, as amended, provides for a revolving credit facility of up to \$125.0 million and term loans of \$22.6 million at variable rates. The loans are secured by a first priority lien on substantially all of Koppers Inc.'s assets, including the assets of certain significant subsidiaries. Revolving credit availability is calculated based on receivables and inventory as well as the attainment of certain financial ratios. The credit facility contains certain covenants that

limit capital expenditures by Koppers Inc. and restrict its ability to incur additional indebtedness, create liens on its assets, enter into leases, pay dividends and make investments or acquisitions. In addition, such covenants give rise to events of default upon the failure by Koppers Inc. to meet certain financial ratios.

As of September 30, 2008, the Company had \$80.9 million of unused revolving credit availability for working capital purposes after restrictions by various debt covenants and certain letter of credit commitments. As of September 30, 2008, \$15.4 million of commitments were utilized by outstanding letters of credit. In addition, as of September 30, 2008, the Company had outstanding term loans of \$22.6 million under the credit facility.

Senior Secured Notes

The 9^{7/8}% Senior Secured Notes due 2013 (the "Senior Secured Notes") are guaranteed, jointly and severally, on a senior secured basis by some of the Company's current and future subsidiaries. Interest is payable semiannually in arrears on April 15 and October 15 of each year. The Senior Secured Notes and subsidiary guarantees are senior obligations of Koppers Inc. and its subsidiary guarantors, respectively, and are secured by a second priority lien on and security interest in substantially all of the assets owned by Koppers Inc. and its subsidiary guarantors that secure Koppers Inc.'s obligations under its senior secured credit facilities. On or after October 15, 2008, the Company is entitled to redeem all or a portion of the Senior Secured Notes at a redemption price of 104.938 percent of principal value, declining annually in ratable amounts until the redemption price is equivalent to the principal value.

The Company has a notional \$50.0 million interest rate swap to convert a portion of the Senior Secured Notes from fixed-interest rate debt to floating-interest rate debt. Accordingly, the interest rate swap is reflected at fair value in other long-term liabilities and the Senior Secured Notes subject to the notional amount of the interest rate swap is reflected at fair value at each balance sheet date. At September 30, 2008 and December 31, 2007, the impact of the interest rate swap decreased the carrying value of the Senior Secured Notes by \$(0.3) million and \$(0.5) million, respectively.

The indentures governing the Senior Secured Notes include customary covenants that restrict, among other things, the ability of Koppers Inc. and its 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.

Senior Discount Notes

Koppers Holdings' 9^{7/8}% Senior Discount Notes due 2014 (the "Senior Discount Notes") have a principal amount at maturity of \$203.0 million. No cash interest is required to be paid prior to November 15, 2009. The accreted value of each Senior Discount Note increases from the date of issuance until November 15, 2009, at a rate of 9^{7/8}% per annum compounded semiannually such that on November 19, 2009 the accreted value will equal \$203.0 million, the principal amount due at maturity. Subsequent to November 19, 2009, cash interest on the Senior Discount Notes will accrue and be payable semi-annually in arrears on May 15 and November 15 of each year, commencing on May 15, 2010.

The Senior Discount Notes are effectively subordinated to the Company's existing and future secured indebtedness, and are structurally subordinated to all of the existing and future indebtedness and other liabilities and preferred equity of the Company's subsidiaries. On or after November 15, 2009, the Company is entitled to redeem all or a portion of the Senior Discount Notes at a redemption price of 104.938 percent of principal value, declining annually in ratable amounts until the redemption price is equivalent to the principal value.

Guarantees

The Company's 60-percent owned subsidiary in China has issued a guarantee of \$17.9 million in support of the Company's 30-percent investment in Tangshan Koppers Kailuan Carbon Chemical Company Limited ("TKK"). The guarantee relates to bank debt incurred by TKK and expires in 2013.

Subsequent Events

The Company used a portion of the estimated proceeds of \$90.0 million from the Monessen sale in October 2008 to repay the term loans of \$22.6 million and amounts borrowed under the senior secured revolving credit facility of \$26.5 million. This

repayment increased the amount available under the senior secured credit facility to approximately \$107.0 million. The Company also repurchased Senior Secured Notes with a face value of \$17.5 million on October 27, 2008.

On October 31, 2008, Koppers Inc. entered into a \$300.0 million revolving credit facility with a syndicate of banks. The credit facility expires on October 31, 2012, has an initial interest rate of Libor plus 250 basis points, and is subject to certain covenants including maximum leverage and minimum fixed charges coverage. The agreement replaces the existing senior secured revolving credit facility.

15. Asset Retirement Obligations

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

	September 30, 2008	December 31, 2007
<i>(Dollars in millions)</i>		
Balance at beginning of year	\$ 18.1	\$ 20.0
Accretion expense	1.2	1.6
Revision in estimated cash flows, net	(0.2)	3.6
Expenses incurred	(4.7)	(7.3)
Currency translation	—	0.2
Balance at end of period	\$ 14.4	\$ 18.1

16. Deferred Revenue from Extended Product Warranty Liabilities

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

	September 30, 2008	December 31, 2007
<i>(Dollars in millions)</i>		
Balance at beginning of year	\$ 8.2	\$ 8.4
Deferred revenue for sales of extended warranties	0.3	0.9
Revenue earned	(0.9)	(1.1)
Balance at end of period	\$ 7.6	\$ 8.2

17. Commitments and Contingent Liabilities

The Company and its subsidiaries are involved in litigation and various proceedings relating to environmental laws and regulations and antitrust, toxic tort, product liability and other matters. Certain of these matters are discussed below. The ultimate resolution of these contingencies could, individually or in the aggregate, be material to the consolidated financial statements.

Legal Proceedings

Product Liability Cases. Koppers Inc., along with other defendants, is currently a defendant in lawsuits filed in a variety of states in which the plaintiffs claim they suffered a variety of illnesses (including cancer) as a result of exposure to coal tar pitch sold by the defendants. There are 96 plaintiffs in 53 cases pending as of September 30, 2008 as compared to 97 plaintiffs in 52 cases at December 31, 2007. As of September 30, 2008, there are a total of 47 cases pending in state court in Pennsylvania, one case each pending in state courts in Tennessee, and Texas, two cases each pending in an Indiana state court and one case pending in the United States District Court for the Eastern District of Tennessee and one case pending in the United States District Court for the District of Oregon.

The plaintiffs in all 53 pending cases seek to recover compensatory damages, while plaintiffs in 43 cases also seek to recover punitive damages. The plaintiffs in the 47 cases filed in Pennsylvania state court seek unspecified damages in excess of the court's minimum arbitration jurisdictional limit. The plaintiffs in the two cases filed in Indiana state court and the one case filed in the United States District Court for the Eastern District of Tennessee also seek unspecified damages. The plaintiff in the Oregon case seeks damages in excess of \$1.8 million. The plaintiffs in the Tennessee state court case each seek damages of \$15.0 million. The plaintiffs in the one Texas state court case have agreed to dismiss their claims against Koppers Inc. pending execution of final settlement and release documents.

The other defendants in these lawsuits vary from case to case and include companies such as Beazer East, Inc., United States Steel Corporation, Honeywell International Inc., Vertellus Specialties Inc., Dow Chemical Company, Rust-Oleum Corporation, UCAR Carbon Company, Inc., Exxon Mobil Corporation, Chemtura Corporation, SGL Carbon Corporation, Alcoa, Inc., and PPG Industries, Inc. Discovery is proceeding in these cases. The Company has not provided a reserve for these lawsuits because, at this time, the Company cannot reasonably determine the probability of a loss, and the amount of loss, if any, cannot be reasonably estimated. 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.

Koppers Inc. is currently a defendant in several products liability lawsuits in which the plaintiffs allege exposure to products or constituents of products sold by Koppers, including benzene, oils, solvents and creosote. There are 14 plaintiffs in five cases pending as of September 30, 2008 as compared to 72 plaintiffs in ten cases at December 31, 2007. Most of these cases also involve numerous other defendants in addition to Koppers Inc. The plaintiffs in one of these cases seek compensatory damages in an unspecified amount in excess of the court's minimum jurisdictional limit. The plaintiffs in another case seek general damages in an unspecified amount and in excess of the court's jurisdictional limit. The plaintiffs in two other cases seek to recover compensatory and punitive exemplary damages in an unspecified amount in excess of the court's minimum jurisdictional limit, while the plaintiff in the fifth case seeks special damages in excess of \$50,000. The Company has not provided a reserve for these lawsuits because, at this time, the Company cannot reasonably determine the probability of loss, and the amount of loss, if any, cannot be reasonably estimated.

Somerville Cases. Koppers Inc. is currently defending four sets of state court cases in Texas (*Antu, Davis, Hensen* and *Moses*) involving approximately 150 plaintiffs who allegedly have worked or resided in Somerville, Texas, where Koppers Inc. has operated a wood treatment plant since 1995. Koppers has been named, but not served, in another case (*Asselin*) that has 11 more plaintiffs who allegedly worked or resided in Somerville, Texas. These cases are pending in Bureson County, Texas and in Tarrant County, Texas. The Burlington Northern Santa Fe Railway Company (the "BNSF") has also been named as a defendant in these cases. The complaints allege that plaintiffs have suffered personal injuries (including death, in some cases) resulting from exposure to wood preservative chemicals used at the Somerville, Texas wood treatment plant. The complaints in the *Moses, Davis* and *Asselin* cases additionally allege that plaintiffs have suffered property damage.

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

There are a total of 44 plaintiffs (six of whom have claims pending against only the BNSF) in the *Moses* cases. These plaintiffs seek compensatory and punitive damages in an unspecified amount in excess of the court's minimum jurisdictional limit for alleged personal injuries and property damages. There are a total of 10 plaintiffs in the *Antu* case, four of whom have claims pending against only the BNSF. These plaintiffs also seek compensatory and punitive damages in an unspecified amount in excess of the court's minimum jurisdictional limit. The plaintiffs in the *Hensen* case in which Koppers Inc. was joined in May 2007 seek compensatory and punitive damages in excess of \$75,000 each. This case, which is the only one that remains pending against Koppers Inc. in Tarrant County, Texas, identifies a total of 93 plaintiffs, one of whom has a claim pending against only the BNSF. The *Davis* case involves one plaintiff who seeks compensatory and punitive damages in an unspecified amount in excess of the court's minimum jurisdictional limit.

Koppers Inc. was named as a defendant in a lawsuit initially filed in the Circuit Court of Cook County, Illinois (*Bullard*), by 144 current and former residents of Somerville who claim that they have developed personal injuries and illnesses (including death,

in some cases) as a result of exposure to chemicals and contaminants which they alleged have emanated from the Somerville plant. Of these plaintiffs, 77 were named as intervenors in the Tarrant County litigation (*Henson*) discussed in the preceding paragraph. Plaintiffs asserted claims for negligence, trespass and willful and wanton conduct against the BNSF and Koppers Inc., and claims for negligence and strict products liability against several manufacturers and suppliers of a wood preservative to the plant. Plaintiffs sought compensatory damages in excess of the court's minimal jurisdictional limit and unspecified punitive damages and costs. In December 2007, Koppers Inc. filed a notice of removal removing this case from the Circuit Court of Cook County, Illinois, to the United States District Court for the Northern District of Illinois, Eastern Division. On August 29, 2008, this case was transferred to the United States District Court for the Western District of Texas, Austin Division. On October 28, 2008, the plaintiffs' claims were dismissed without prejudice by the Court.

Koppers Inc. was named as a defendant in six cases (*Adams, Cummings, Hamilton, Jeffrey, More and Rucks*) that were originally filed on December 27, 2007, in the 21st and 335th Judicial Districts in Burleson County, Texas. These cases also involved personal injury claims relating to the Somerville, Texas plant. The plaintiffs in these six cases sought compensatory and punitive damages in excess of \$75,000 each. These cases collectively named approximately 544 plaintiffs. The personal injury claims primarily were restatements of claims that had been previously asserted in a case filed in the United States District Court for the Western District of Texas, Austin Division which was voluntarily dismissed in November 2006. In February 2008, Koppers Inc. removed all six cases from the District Court of Burleson County, Texas, to the United States District Court for the Western District of Texas, Austin Division. On October 28, 2008, the plaintiffs' claims were dismissed without prejudice by the Court.

The Company has not provided a reserve for these matters because, at this time, it cannot reasonably determine the probability of a loss, and the amount of loss, if any, cannot be reasonably estimated. 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.

Grenada – All Cases. Koppers Inc., together with various co-defendants (including Beazer East), has been named as a defendant in toxic tort lawsuits in state court in Mississippi (see "Grenada – State Court Cases" below) and in federal court in Mississippi (see "Grenada – Federal Court Cases" below) arising from the operation of the Grenada facility. The complaints allege that plaintiffs were exposed to harmful levels of various toxic chemicals, including creosote, pentachlorophenol, polycyclic aromatic hydrocarbons and dioxin, as a result of soil, surface water and groundwater contamination and air emissions from the Grenada facility and, in some cases, from an adjacent manufacturing facility operated by Heatcraft, Inc. Based on the experience of Koppers Inc. in defending previous toxic tort cases, the Company does not believe that the damages sought by the plaintiffs in the state and federal court cases are supported by the facts of the cases. The Company has not provided a reserve for these lawsuits because, at this time, it cannot reasonably determine the probability of a loss, and the amount of loss, if any, cannot be reasonably estimated. Although Koppers Inc. intends to vigorously defend these cases, there can be no assurance that an unfavorable resolution of these matters will not have a material adverse effect on the Company's business, financial condition, cash flows and results of operations. See "Environmental and Other Liabilities Retained or Assumed by Others" for additional information.

Grenada – Federal Court Cases.

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

The first of these trials commenced on April 17, 2006, and the jury returned a verdict of 20 percent of \$845,000 against Koppers Inc. for compensatory damages and no liability for punitive damages. Subsequent to the verdict, the court reduced the compensatory damages judgment by \$60,000 to \$785,000. Koppers Inc. appealed the judgment entered against it to the United States Court of Appeals for the Fifth Circuit. The Court of Appeals granted a reversal of the district court's judgment on

June 30, 2008. The plaintiff filed a petition for rehearing with the United States Court of Appeals and on October 23, 2008, the Court of Appeals denied plaintiff's petition for rehearing. The remaining 11 trials have been stayed pending the resolution of the appeal process.

Ellis Case – There are approximately 1,180 plaintiffs in this case. Each plaintiff seeks compensatory damages from the defendants of at least \$5.0 million for each of seven counts and punitive damages of at least \$10.0 million for each of three counts (in addition to damages for an unspecified amount for trespass and nuisance). The *Ellis* complaint also requests injunctive relief. These cases have been stayed pending the completion of the trials for the 12 plaintiffs in the *Beck* case.

Grenada – State Court Cases. The state court cases were brought on behalf of approximately 214 plaintiffs in five counties in Mississippi. Each plaintiff seeks compensatory damages from the defendants of at least \$5.0 million for each of up to eight counts and punitive damages of at least \$10.0 million for each of three counts. Certain plaintiffs also seek damages for alleged trespass and private nuisance in unspecified amounts together with injunctive relief. The Mississippi Supreme Court ordered that the plaintiffs in the pending state court cases filed in counties other than Grenada County (approximately 110 cases) be severed and transferred to Grenada County. Plaintiffs' counsel attempted to transfer ten such cases to Grenada County but all ten cases were dismissed by the Court. Motions to dismiss the remaining plaintiffs in the four non-Grenada County cases are pending.

With respect to the state court case that was originally filed in Grenada County, the court granted the defendants' motion to sever the claims of these plaintiffs for improper joinder. These plaintiffs then filed 104 individual complaints in Grenada County. Of these, 43 have been dismissed to date. On August 28, 2008, the Circuit Court of Grenada County granted summary judgment in favor of the Company in 39 cases. Plaintiffs filed motions to reconsider the summary judgment orders on September 5, 2008, and the motions remain under advisement before the court. Also pending before the Circuit Court are motions to dismiss for want of prosecution in three cases, and one additional motion for summary judgment.

Discontinued Operations. The Company sold its 51 percent interest in Koppers Arch on July 5, 2007 (see Note 5) to Arch Chemicals, Inc. and has provided an indemnity to Arch Chemicals for the Company's share of liabilities, if any, arising from certain types of obligations and claims that arose prior to the Company's sale of its interest in Koppers Arch. Koppers Inc. has received three notices from Arch Chemicals asserting claims for indemnification under the share purchase agreement. The first notice relates to environmental issues related to the condition of certain property associated with the Auckland, New Zealand operations of Koppers Arch Wood Protection (NZ) Limited. Reserving all rights, Koppers has agreed to participate in the payment of attorneys' fees and related expenses relating to this matter until further notice. The two other notices relate to legal actions that have been filed in the High Court of New Zealand Auckland Registry against a third party and against Arch Wood Protection (NZ) Limited by a competitor of Arch Wood Protection (NZ) Limited. The competitor/plaintiff alleges, among other things, claims of defamation, injurious falsehood, conspiracy and violation of the New Zealand Fair Trading Act. Koppers Inc. is currently evaluating its indemnity obligations relating to these claims. The plaintiff seeks damages of approximately \$10.8 million. The Company has not provided a reserve for these matters because, at this time, it cannot reasonably determine the probability of a loss, and the amount of loss, if any, cannot be reasonably estimated. 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.

Legal Reserves Rollforward. The following table reflects changes in the accrued liability for legal proceedings:

	September 30, 2008	December 31, 2007
<i>(Dollars in millions)</i>		
Balance at beginning of year	\$ 0.4	\$ 1.2
Expense	—	0.9
Reversal of reserves	(0.3)	(0.1)
Cash expenditures	(0.2)	(1.0)
Business divestiture	—	(0.5)
Currency translation	0.1	(0.1)
Balance at end of period	\$ —	\$ 0.4

Reversal of reserves in 2008 primarily relates to the reversal of the Grenada federal court verdict that was reversed by an appeals court in the second quarter. Expense accruals and cash expenditures in 2007 primarily relate to the New Zealand Commerce Commission ("NZCC") matter and the business divestiture relates to Koppers Arch (Note 5).

Environmental and Other Litigation Matters

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

Environmental and Other Liabilities Retained or Assumed by Others. The Company has agreements with former owners of certain of its operating locations under which the former owners retained, assumed and/or agreed to indemnify the Company 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 the Company and Beazer East, subject to certain limitations, Beazer East retained the responsibility for and agreed to indemnify the Company 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 unconditionally guaranteed Beazer East's performance of the Indemnity pursuant to a guarantee (the "Guarantee"). Beazer Limited became a wholly owned indirect subsidiary of Hanson PLC in 1991. In 1998, Hanson PLC 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 the Company) are underwritten by Centre Solutions (a member of the Zurich Group) and Swiss Re. In 2007, Hanson PLC was acquired by Heidelberg Cement AG.

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

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

Contamination has been identified at most of the Company's manufacturing and other sites. Three sites currently owned and operated by the Company in the United States are listed on the National Priorities List promulgated under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"). Currently, at the properties acquired from Beazer East (which include all of the National Priorities List sites and all but one of the sites permitted under the Resource Conservation and Recovery Act ("RCRA")), a significant portion of all investigative, cleanup and closure activities are

being conducted and paid for by Beazer East pursuant to the terms of the Indemnity. In addition, other of the Company's sites are or have been operated under RCRA and various other environmental permits, and remedial and closure activities are being conducted at some of these sites.

To date, the parties that retained, assumed and/or agreed to indemnify the Company against the liabilities referred to above, including Beazer East, have performed their obligations in all material respects. The Company believes that, for the last three years, amounts paid by Beazer East as a result of its environmental remediation obligations under the Indemnity have averaged in total approximately \$13.4 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 are currently in discussions 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 is held liable for or otherwise required to pay all or part of such liabilities without reimbursement, the imposition of such liabilities on the Company 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 sheets with respect to such matters, which could result in a negative adjustment to the Company's net worth.

Domestic Environmental Matters. Koppers Inc. is named as a potentially responsible party (a "PRP") at four CERCLA Superfund sites, including the Portland Harbor site located on the Willamette River in Oregon. The Company and the other PRP members are currently finalizing a formal PRP agreement and are considering appropriate allocation methodologies for past remedial investigation/feasibility studies and future costs. The Company has provided a reserve for CERCLA sites totaling \$0.2 million as of September 30, 2008.

The Illinois Environmental Protection Agency (the "IEPA") has requested that Koppers Inc. conduct a voluntary investigation of soil and groundwater at its Stickney, Illinois carbon materials and chemicals facility. The IEPA advised Koppers Inc. that it made such request as a result of a reported release of oil-like material from Koppers Inc.'s property into an adjacent river canal. Koppers Inc. conducted such investigation in cooperation with Beazer East. The Company and Beazer East have engaged consultants to assist the Company in preparing a remediation strategy and an estimate of potential costs and has submitted a plan to conduct the remediation on this site. The Company has provided a reserve for this matter totaling \$1.6 million as of September 30, 2008.

In August 2005, the Pennsylvania Department of Environment Protection (the "PADEP") proposed a fine related to alleged water discharge exceedances from a storm water sewer pipe at the Company's tar distillation facility in Clairton, Pennsylvania. In December 2006, the Company reached a preliminary settlement of the fine with the PADEP for \$0.5 million, subject to the execution of a consent order that the Company is currently negotiating with the PADEP. Accordingly, the Company has reserved the amount of the settlement. The Company also proposed to undertake certain engineering and capital improvements to address this matter. In December 2007, the Company agreed to contribute the capital improvements, primarily a new sewer line, to the city of Clairton and accordingly, has provided a reserve of \$1.6 million as of September 30, 2008.

In September 2007, Koppers Inc. and the EPA's Office of Suspension and Disbarment reached an agreement to an 18-month extension to Koppers Inc.'s compliance agreement related to violations at Koppers Inc.'s Woodward Coke facility prior to its closure in January 1998. The extended compliance agreement is expected to expire in January 2009. A failure on the Company's part to comply with the terms of the compliance agreement could lead to significant costs and sanctions, including the potential for suspension or debarment from government contracts. A suspension or debarment from government contracts 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 has been detected at a property adjacent to the facility. In December 2006 the Company and the owner of the adjacent property reached an agreement in principle pursuant to which the Company will contribute \$1.6 million and the owner of the adjacent property will contribute \$5.4 million toward remediation of the property. Subject to the approval of a remediation action plan by local environmental authorities, the agreement in principle provides that the Company will assume responsibility for the management of the remediation effort and will indemnify the current owner for any remediation costs in excess of its agreed contribution. At the completion of the remediation, the agreement in principle provides that the property will transfer to the Company. The Company has reserved its expected total remediation costs of \$1.6 million at September 30, 2008.

Other Australian environmental matters include soil and groundwater remediation at two former wood products facilities in Australia which are being prepared for future sale. With respect to the first facility in Hume, Australia, the soil remediation is substantially complete. In the fourth quarter of 2006, a Phase II environmental assessment was completed that indicated estimated groundwater remediation costs of between \$0.7 million and \$2.2 million. The Company is currently working with local environmental authorities to determine the preferred method of remediation.

With respect to the second facility in Thornton, Australia, an environmental assessment was completed in the second quarter of 2007 which indicated areas of soil contamination which the Company may remediate in preparation for sale. The estimated soil remediation costs range between \$1.7 million and \$3.4 million. The Company has reserved approximately \$2.3 million for remediation costs at these sites which represents its best estimate of groundwater and remaining soil remediation.

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

	September 30, 2008	December 31, 2007
<i>(Dollars in millions)</i>		
Balance at beginning of year	\$ 12.5	\$ 5.6
Expense	0.5	7.6
Reversal of reserves	—	(0.1)
Cash expenditures	(1.3)	(1.0)
Business divestiture	—	(0.2)
Currency translation	(0.5)	0.6
Balance at end of period	\$ 11.2	\$ 12.5

Expense for 2008 consisted primarily of accruals related to the Thornton site and cash expenditures include a \$0.5 million settlement of a CWA consent decree. Expense for 2007 consisted primarily of accruals for estimated remediation costs at the Stickney, Illinois and Clairton, Pennsylvania tar distillation plants, closed facilities remediation in the U.S. and Australia, estimated remediation costs at the Newcastle tar distillation facility and soil remediation at a site in Australia.

Contingent Liabilities

In the third quarter of 2008, the Company retired from service an owned vessel used to transport carbon materials products and raw materials. In connection with this retirement and under a contractual arrangement with the vessel's operator, the Company may be liable to reimburse the vessel's operator for severance benefits it pays to its employees. There are a number of uncertainties regarding the obligation to fund such benefits and the extent of the liability, if any, under the contractual arrangement. To the extent the Company determines that it is liable to fund the severance arrangement, the Company has been provided an estimate by the vessel's operator that the obligation could be as high as \$2.0 million. The vessel's operator and the union that represents the employees are currently in negotiation regarding the amount of such severance benefits.

The Company has provided a reserve for the estimated amount to settle this matter. An unfavorable resolution of this matter above this amount may have a material adverse effect on the Company's business, financial condition, cash flows and results of operations.

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

Certain sections of "Management's Discussion and Analysis of Financial Condition and Results of Operations" include forward-looking statements concerning trends or events potentially affecting the businesses of Koppers. These statements typically contain words such as "believes", "anticipates", "expects", "estimates", "may", "will", "should", "continue", "plans", "intends", "likely", or other similar words indicating that future outcomes are uncertain. In accordance with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, although not necessarily all factors, which would cause future outcomes to differ materially from those set forth in the forward-looking statements. For additional risk factors affecting our business, see Item 1A. "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2007.

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the unaudited financial statements and related notes included in Item 1 of this Part I as well as the Company's audited consolidated financial statements and the related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2007.

Overview

Koppers is a leading integrated global provider of carbon compounds and commercial wood treatment products. The Company's products are used in a variety of niche applications in a diverse range of end-markets, including the aluminum, railroad, specialty chemical, utility, rubber and steel industries. Koppers serves its customers through a comprehensive global manufacturing and distribution network, which includes manufacturing facilities located in the United States, Australia, China, the United Kingdom and Denmark.

The Company operates two principal businesses, **Carbon Materials & Chemicals ("CM&C")** and **Railroad & Utility Products ("R&UP")**. Through the Company's Carbon Materials & Chemicals business, Koppers believes it is the largest distiller of coal tar in North America, Australia, the United Kingdom and Scandinavia. The Company processes coal tar into a variety of products, including carbon pitch, creosote and phthalic anhydride, which are critical intermediate materials in the production of aluminum, the pressure treatment of wood and the production of plasticizers and specialty chemicals, respectively. Through its Railroad & Utility Products business, Koppers believes it is the largest North American supplier of railroad crossties. The Company's other commercial wood treatment products include the provision of utility poles to the electric and telephone utility industries.

The CM&C business has entered into a number of strategic transactions during the last two years to expand and focus on its core business related to coal tar distillation and derived products. In November 2007, Tangshan Koppers Kailuan Carbon Chemical Company Limited ("TKK") was established and is constructing and will operate a new tar distillation facility in the Hebei Province near the Jingtang Port with a distillation capacity of 300,000 metric tons. The Company holds a 30 percent investment in TKK which is expected to be commissioned in early 2009. In December 2007, the Company announced the approval of a project to expand the capacity of its existing 60-percent owned tar distillation plant in Tangshan, China from 150,000 metric tons to 200,000 metric tons. The expansion is expected to become operational in late 2008.

In September 2008, the board of directors authorized management to pursue the sale of Koppers Monessen Partners LP ("Monessen"). Monessen is a metallurgical furnace coke facility that was 95 percent-owned by Koppers Inc. (which serves as the general partner) and five percent owned by a limited partner. Effective as of the end of the second quarter of 2008, Monessen was classified as a discontinued operation in the Company's statement of operations and its assets and liabilities were reclassified as "held for sale" in the balance sheet. On August 3, 2008, Koppers Inc. signed a definitive agreement to sell Monessen to ArcelorMittal S.A. and the sale subsequently closed on October 1, 2008.

In July 2007, the Company sold its 51 percent interest in Koppers Arch Investments Pty Limited and its subsidiaries ("Koppers Arch") to Arch Chemicals Inc. Effective as of this date, Koppers Arch was classified as a discontinued operation in the statement of operations and earnings per share and the financial statements have been accordingly restated. Koppers Arch was a manufacturer of timber presentation chemicals.

Outlook

Trend Overview

The Company's businesses and results of operations are impacted by various competitive and other factors including (i) raw materials pricing and availability, in particular the amount and quality of coal tar available in global markets, which could be negatively impacted by reductions in coke production or the relative increase in the value of coal tar as a fuel source as a result of higher energy prices; (ii) competitive conditions in global carbon pitch markets; and (iii) low margins in the utility pole business.

Raw material prices have increased over the past several years, including primary feedstocks of coal tar and lumber. Raw material pricing under current contracts and contracts expiring in the near future and currently under negotiation indicate that, in certain geographic regions, the trend of increasing raw material prices will continue. Any disruption in raw material supply or significant increases in raw material costs which are not able to be passed on to customers may have a material adverse effect on the Company's results of operations.

Many of the Company's sales contracts include provisions that allow for price increases based on increases in the price of raw materials, which has allowed the Company to generally maintain profit dollars in our core businesses. However, significant increases in raw material costs, such as those occurring during 2008 and 2007, have resulted in margin dilution because only the increased cost is passed on to the customer. The Company believes that future expansion of the aluminum (and carbon pitch) markets will be primarily in Asian and Middle Eastern countries. The Company expects to expand into these markets to the extent that the economics justify such expansion. Conditions in the U.S. economy may have an impact on the demand for certain products, particularly coal tar chemicals, which are used in various applications related to consumer products and the housing industry. Net sales over the past several years have been significantly impacted by favorable foreign exchange rates in Australia, Denmark, China and the United Kingdom. In the event this trend reverses, net sales could decline if volumes do not increase.

In addition to the normal seasonal impacts associated with crosstie procurement, the Company has seen a reduction in purchasing by the railroads in order to reduce their crosstie inventories. The reduction is due to accelerated buying by the railroads during 2007 which increased their inventories above normal levels, coupled with an uncertain economic climate thus far in 2008. Current expectations are that crosstie purchases by the railroads will return to more normalized levels for the remainder of the year; however, uncertainty associated with the North American economic climate could impact the level of purchasing activity during the remainder of 2008.

Seasonality and Effects of Weather on Operations

The Company's quarterly operating results fluctuate due to a variety of factors that are outside its control, including inclement weather conditions, which in the past have affected operating results. Operations at several facilities have been halted for short periods of time during the winter months. Moreover, demand for some of the Company's products declines during periods of inclement weather. As a result of the foregoing, the Company anticipates that it may experience material fluctuations in quarterly operating results. Historically, the Company's operating results can be significantly lower in the first and fourth calendar quarters as compared to the second and third calendar quarters. The Company expects this seasonality trend to continue in future periods.

Consolidated Results

Net sales for the three months ended September 30, 2008 and 2007 are summarized by segment in the following table:

	Three Months Ended September 30,		Net Change
	2008	2007	
<i>(Dollars in millions)</i>			
Carbon Materials & Chemicals	\$245.0	\$205.0	+19%
Railroad & Utility Products	124.4	124.1	—%
	\$369.4	\$329.1	+12%

CM&C net sales increased by \$40.0 million or 19 percent due to the following changes in volume, pricing and foreign exchange:

	Price	Volume	Foreign Exchange	Net Change
Carbon Materials ^(a)	+4%	+4%	—%	+8%
Distillates ^(b)	+4%	+2%	+1%	+7%
Coal Tar Chemicals ^(c)	+2%	-2%	—%	—%
Other ^(d)	+3%	+1%	—%	+4%
Total CM&C	+13%	+5%	+1%	+19%

(a) Includes carbon pitch and refined tar.

(b) Includes creosote and carbon black feedstock.

(c) Includes naphthalene and phthalic anhydride.

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

Carbon materials' prices increased in the U.S. as customer prices were increased in response to substantially higher raw material costs. An increase in carbon materials sales volume was realized primarily in China of two percent and the U.S. of two percent. Volume increases in the U.S. primarily relates to increases in refined tar deliveries.

Distillate pricing improved in the quarter ended September 30, 2008 due to increases in carbon black feedstock prices in Europe totaling three percent and increases in U.S. creosote pricing totaling one percent. The increase in carbon black feedstock and creosote pricing is consistent with higher worldwide oil prices. The increase in distillate sales volume is due primarily to increased creosote sales in the U.S. totaling one percent.

For coal tar chemicals, increases in phthalic anhydride prices totaling two percent were offset by decreases in phthalic anhydride volumes of two percent. With respect to other products, carbon black prices increased two percent and specialty chemical volumes increased one percent each as compared to the prior year quarter.

R&UP net sales increased by \$0.3 million due to the following changes in volume and pricing:

	Price	Volume	Net Change
Railroad Crossties ^(a)	+3%	-2%	+1%
TSO Crossties ^(b)	+2%	-2%	—%
Distribution Poles	+1%	-1%	—%
Other ^(c)	+2%	-3%	-1%
Total R&UP	+8%	-8%	—%

(a) Includes treated and untreated railroad crossties.

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

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

Sales price increases for treated and untreated railroad crossties totaled four percent and sales volume increases for treated railroad crossties totaled two percent for the quarter ended September 30, 2008. These increases were partially offset by volume decreases of untreated railroad crossties totaling four percent. Volumes of untreated railroad crossties were impacted by capital purchasing reductions by the Class 1 railroads and reduced raw material availability due to weather and a weak timber market.

Cost of sales as a percentage of net sales was 80 percent for the quarter ended September 30, 2008 as compared to 81 percent for the quarter ended September 30, 2007. Overall, cost of sales increased by \$27.6 million when compared to the prior year period due primarily to higher raw material costs and volumes.

Depreciation and amortization for the quarter ended September 30, 2008 was \$0.7 million lower when compared to the prior year period partially due to reduced amortization of intangible assets.

Selling, general and administrative expenses for the quarter ended September 30, 2008 were \$0.8 million higher than the prior period and were unfavorably affected by higher salary expense and stock-based compensation expense.

Interest expense for the quarter ended September 30, 2008 was \$0.6 million lower when compared to the prior year period primarily due to lower average borrowings and lower average interest rates on revolving credit facilities and term debt. Lower average borrowings resulted from debt reductions funded by cash flows from operations and the net proceeds from the sale of Koppers Arch in July 2007.

Income taxes for the quarter ended September 30, 2008 were \$5.0 million higher when compared to the prior year period primarily due to the increase in pretax income of \$12.8 million partially offset by a decrease in the effective income tax rate. The Company's effective income tax rate for the quarter ended September 30, 2008 was 37.9 percent as compared to the prior year period of 38.1 percent.

Segment Results

Segment operating profit for the three months ended September 30, 2008 and 2007 is summarized by segment in the following table:

	<i>Three Months Ended September 30,</i>		<i>% Change</i>
	<i>2008</i>	<i>2007</i>	
<i>(Dollars in millions)</i>			
Operating profit:			
Carbon Materials & Chemicals	\$ 44.4	\$ 29.3	+52%
Railroad & Utility Products	7.3	9.9	-26%
Corporate	(0.1)	(0.2)	+50%
	\$ 51.6	\$ 39.0	+32%
Operating profit as a percentage of net sales:			
Carbon Materials & Chemicals	18.1%	14.3%	+3.8%
Railroad & Utility Products	5.9%	8.0%	-2.1%
	14.0%	11.9%	+2.1%

Carbon Materials & Chemicals net sales and operating profit by geographic region for the three months ended September 30, 2008 and 2007 is summarized in the following table:

	<i>Three months ended September 30,</i>		
	2008	2007	% Change
<i>(Dollars in millions)</i>			
Net sales:			
North America	\$116.0	\$ 98.9	+17%
Europe	70.2	56.3	+25%
Australia	42.2	35.2	+20%
China	23.6	17.4	+36%
Intrasegment	(7.0)	(2.8)	+150%
	\$245.0	\$205.0	+20%
Operating profit:			
North America	\$ 22.8	\$ 18.0	+27%
Europe	11.0	3.5	+214%
Australia	9.5	5.7	+67%
China	1.1	2.1	-48%
	\$ 44.4	\$ 29.3	+52%

North American CM&C sales increased by \$17.1 million due primarily to higher prices for carbon pitch and phthalic anhydride totaling \$12.8 million and higher volumes of creosote and refined tar of \$5.5 million. These increases were partially offset by lower volumes of phthalic anhydride of \$4.7 million. Operating profit as a percentage of net sales increased to 20 percent from 18 percent between periods reflecting higher contract pricing resulting from higher raw material costs.

European CM&C sales increased by \$13.9 million due primarily to higher volumes of carbon pitch and specialty chemicals totaling \$4.5 million and higher prices for carbon black feedstock totaling \$5.5 million. Operating profit as a percentage of net sales increased to 16 percent from six percent as a result of higher carbon pitch volumes and higher pricing for carbon black feedstock as a result of higher petroleum prices.

Australian CM&C sales increased by \$7.0 million due primarily to higher prices for carbon black totaling \$4.5 million. Operating profit as a percentage of net sales was 23 percent for the three months ended September 30, 2008 as compared to 16 percent for the prior period and was favorably impacted by higher petroleum prices.

Chinese CM&C sales increased by \$6.2 million due primarily to higher volumes of carbon pitch totaling \$3.2 million and higher prices for carbon black feedstock totaling \$1.6 million. Currency exchange rate changes contributed \$1.9 million to increased sales. Partially offsetting these increases were lower prices of carbon pitch totaling \$2.0 million. Operating profit as a percentage of net sales was five percent for the three months ended September 30, 2008 as compared to 12 percent for the prior period. The decrease in operating margin is due primarily to mix of products and investment in sales and administrative functions in China.

Railroad & Utility Products operating profit for the quarter ended September 30, 2008 decreased by \$2.6 million as compared to the prior period. Operating profit as a percentage of net sales decreased to six percent from eight percent between periods due to lower production and procurement levels for railroad crossties.

Consolidated Results

Net sales for the nine months ended September 30, 2008 and 2007 are summarized by segment in the following table:

	Nine Months Ended September 30,		Net Change
	2008	2007	
<i>(Dollars in millions)</i>			
Carbon Materials & Chemicals	\$ 718.4	\$577.2	+24%
Railroad & Utility Products	357.5	369.2	-3%
	\$1,075.9	\$946.4	+14%

CM&C net sales increased by \$141.2 million or 24 percent due to the following changes in volume, pricing and foreign exchange:

	Price	Volume	Foreign Exchange	Net Change
Carbon Materials ^(a)	+3%	+3%	+2%	+8%
Distillates ^(b)	+4%	+2%	+1%	+7%
Coal Tar Chemicals ^(c)	+1%	—%	+1%	+2%
Other ^(d)	+1%	+5%	+1%	+7%
Total CM&C	+9%	+10%	+5%	+24%

(a) Includes carbon pitch and refined tar.

(b) Includes creosote and carbon black feedstock.

(c) Includes naphthalene and phthalic anhydride.

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

Carbon materials' prices increased a total of three percent in the U.S. as customer prices were increased in response to substantially higher raw material costs. An increase in carbon materials sales volume totaling three percent was realized primarily in Europe and Australia. Increases in Europe resulted primarily from sales to a new anode facility in Scandinavia.

Distillate pricing improved in the nine months ended September 30, 2008 due to price increases in carbon black feedstock prices in Europe and creosote prices in the U.S. totaling four percent. The increase in carbon black feedstock pricing is consistent with higher worldwide oil prices. The increase in distillate sales volume is due primarily to increased creosote sales in the U.S. totaling one percent.

For coal tar chemicals, increases in phthalic anhydride prices of two percent were partially offset by lower naphthalene prices in Europe. With respect to other products, carbon black volumes, freight, benzole, specialty chemicals and other carbon products increased six percent as compared to the prior year and were partially offset by lower commercial roofing sales.

R&UP net sales decreased by \$11.7 million or three percent due to the following changes in volume and pricing:

	Price	Volume	Foreign Exchange	Net Change
Railroad Crossties ^(a)	+2%	-5%	—%	-3%
TSO Crossties ^(b)	+2%	-2%	—%	—%
Distribution Poles	—%	—%	+1%	+1%
Other ^(c)	+2%	-3%	—%	-1%
Total R&UP	+6%	-10%	+1%	-3%

(a) Includes treated and untreated railroad crossties.

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

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

Sales volume decreases of untreated railroad crossties totaled five percent for the nine months ended September 30, 2008 due to capital purchasing reductions by the Class 1 railroads and reduced raw material availability due to weather and a weak timber market. Treated railroad crossties pricing increased by two percent for the nine months ended September 30, 2008 as raw material price increases were passed on to customers.

Cost of sales as a percentage of net sales was 82 percent for the nine months ended September 30, 2008 as compared to 81 percent for the nine months ended September 30, 2007. Overall, cost of sales increased by \$107.8 million when compared to the prior year period due primarily to higher raw material costs and volumes and foreign exchange.

Depreciation and amortization for the nine months ended September 30, 2008 was \$1.9 million lower when compared to the prior year period partially due to reduced amortization of intangible assets.

Selling, general and administrative expenses for the nine months ended September 30, 2008 were \$2.5 million higher than the prior period due to higher stock-based compensation expense, legal and consulting costs and employment costs partially offset by insurance recoveries for previously incurred legal expenses related to product liability litigation.

Interest expense for the nine months ended September 30, 2008 was \$2.6 million lower when compared to the prior year period due primarily to lower average borrowings and lower average interest rates on revolving credit facilities and term debt. Lower average borrowings resulted from debt reductions funded by cash flows from operations and the net proceeds from the sale of Koppers Arch in July 2007.

Income taxes for the nine months ended September 30, 2008 were \$8.4 million higher when compared to the prior year period due primarily to the increase in pretax income of \$22.9 million partially offset by a decrease in the effective income tax rate. The Company's effective income tax rate for the nine months ended September 30, 2008 was 37.3 percent as compared to the prior year period of 37.6 percent.

Segment Results

Segment operating profit for the nine months ended September 30, 2008 and 2007 are summarized by segment in the following table:

	<i>Nine Months Ended September 30,</i>		<i>% Change</i>
	<i>2008</i>	<i>2007</i>	
<i>(Dollars in millions)</i>			
Operating profit:			
Carbon Materials & Chemicals	\$106.6	\$ 74.1	+44%
Railroad & Utility Products	24.5	35.6	-31%
Corporate	(1.7)	(1.4)	+21%
	\$129.4	\$108.3	+19%
Operating profit as a percentage of net sales:			
Carbon Materials & Chemicals	14.8%	12.8%	+2.0%
Railroad & Utility Products	6.9%	9.6%	-2.7%
	12.0%	11.4%	+0.6%

Carbon Materials & Chemicals net sales and operating profit by geographic region for the nine months ended September 30, 2008 and 2007 is summarized in the following table:

	<i>Nine months ended September 30,</i>		<i>% Change</i>
	2008	2007	
<i>(Dollars in millions)</i>			
Net sales:			
North America	\$ 315.3	\$ 272.9	+16%
Europe	212.0	163.7	+30%
Australia	133.3	97.4	+37%
China	66.1	51.4	+29%
Intrasegment	(8.3)	(8.2)	+1%
	\$ 718.4	\$ 577.2	+24%
Operating profit:			
North America	\$ 53.5	\$ 43.9	+22%
Europe	24.9	9.0	+177%
Australia	24.5	15.1	+62%
China	3.7	6.1	-39%
	\$ 106.6	\$ 74.1	+44%

North American CM&C sales increased by \$42.4 million due primarily to higher prices for carbon pitch, creosote and phthalic anhydride totaling \$31.6 million and higher volumes of creosote and refined tar totaling \$8.4 million. Operating profit as a percentage of net sales increased to 17 percent from 16 percent for the prior period.

European CM&C sales increased by \$48.3 million due primarily to higher volumes of carbon pitch, benzole and specialty chemicals totaling \$17.8 million and higher prices for carbon black feedstock totaling \$15.7 million. In addition, currency exchange rate changes contributed \$8.2 million to increased sales. Operating profit as a percentage of net sales increased to 12 percent from five percent as a result of higher carbon pitch volumes and higher pricing for carbon black feedstock as a result of higher petroleum prices.

Australian CM&C sales increased by \$35.9 million due primarily to higher volumes for carbon pitch and carbon black which totaled \$10.7 million. The increase in volume for carbon black is a result of the plant expansion project at the Company's carbon black plant becoming fully operational. Increases in carbon black prices contributed higher sales of \$5.8 million. Currency exchange rate changes contributed \$12.8 million to increased sales. Operating profit as a percentage of net sales was 18 percent for the nine months ended September 30, 2008 as compared to 16 percent for the prior period.

Chinese CM&C sales increased by \$14.7 million due primarily to higher volumes of carbon pitch and other products, principally distillates, totaling \$8.9 million. Currency exchange rate changes contributed \$5.5 million to increased sales. Operating profit as a percentage of net sales was six percent for the nine months ended September 30, 2008 as compared to 12 percent for the prior period. The decrease in operating margin is due primarily to mix of products and investment in sales and administrative functions in China.

Railroad & Utility Products operating profit for the nine months ended September 30, 2008 decreased by \$11.1 million as compared to the prior period primarily as a result of lower sales of untreated railroad crossties and TSO crossties and lower operating profit margins. Operating profit as a percentage of net sales decreased to seven percent from ten percent between periods due to lower production and procurement levels for railroad crossties and the increased operating costs due to a boiler outage at one of the Company's wood treatment plants.

Cash Flow

Net cash provided by operating activities was \$58.3 million for the nine months ended September 30, 2008 as compared to net cash provided by operating activities of \$49.5 million for the nine months ended September 30, 2007. The increase of \$8.8 million in net cash provided by operations is due primarily to higher net income as compared to the prior period.

Net cash used in investing activities was \$26.2 million for the nine months ended September 30, 2008 as compared to net cash used in investing activities of \$7.5 million for the nine months ended September 30, 2007. Cash flows in 2007 were favorably impacted by net cash proceeds from the sale of Koppers Arch of \$12.0 million. Capital expenditures in 2008 are expected to total approximately \$35.0 million, including expenditures for the Company's 30 percent interest in the new coal tar distillation joint venture in China but excluding acquisitions.

Net cash used in financing activities was \$35.8 million for the nine months ended September 30, 2008 as compared to net cash used in financing activities of \$46.2 million for the nine months ended September 30, 2007. Repurchases of common stock totaled \$19.9 million and net repayment of debt totaled \$3.2 million for the nine months ended September 30, 2008.

Dividends paid were \$12.7 million for the nine months ended September 30, 2008 as compared to dividends paid of \$10.6 million for the nine months ended September 30, 2007. Dividends paid in the nine months ended September 30, 2008 reflect a quarterly dividend rate of 22 cents per common share.

On November 5, 2008, the Company's board of directors declared a quarterly dividend of 22 cents per common share, payable on January 5, 2009 to shareholders of record as of November 17, 2008.

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 payments of principal, interest and other amounts on the 9 ⁷/₈% Senior Discount Notes due 2014 (the "Senior Discount Notes"). The terms of Koppers Inc.'s senior secured credit facility as well as the terms of the indenture governing the 9 ⁷/₈% Senior Secured Notes due 2013 (the "Senior Secured Notes") significantly restrict Koppers Inc. from paying dividends and otherwise transferring assets to Koppers Holdings. The amount of permitted dividends under both debt facilities is governed by a formula based on 50 percent of consolidated net income, among other things. Cash equity contributions from the sale of Koppers Holdings' common stock increase the amount available for dividends. At the time of the payment of the dividend, no event of default shall have occurred or be continuing under the indenture or the senior secured credit facility.

Under the indenture relating to the Senior Secured Notes, Koppers Inc. must have an EBITDA (as defined in the indenture) to consolidated interest expense ratio of at least 2.0 to 1.0. Additionally the senior secured credit facility requires compliance with all financial covenants and availability of at least \$15.0 million under the revolving credit facility after giving effect to any proposed dividend. Significant reductions in net income or increases to indebtedness affecting compliance with financial covenants or availability under the senior secured credit facility would restrict Koppers Inc.'s ability to pay dividends. As of September 30, 2008, dividends available to be declared based on covenant restrictions under the Senior Discount Notes amounted to \$164.5 million. As of September 30, 2008, dividends available to be declared based on covenant restrictions under the Senior Secured Notes amounted to \$135.8 million.

Liquidity

The Koppers Inc. senior secured credit facility agreement, as amended, provides for a revolving credit facility of up to \$125.0 million and term loans of \$22.6 million at variable rates. The senior secured credit facility expires in December 2009. Amounts outstanding under the senior secured credit agreement are secured by a first priority lien on substantially all of Koppers Inc.'s assets, including the assets of certain significant subsidiaries. Revolving credit availability is calculated based on receivables and inventory as well as the attainment of certain financial ratios. The revolving credit facility contains certain covenants that limit capital expenditures by Koppers Inc. and restrict its ability to incur additional indebtedness, create liens on its assets, enter into leases, pay dividends and make investments or acquisitions. In addition, such covenants give rise to events of default upon the failure by Koppers Inc. to meet certain financial ratios.

As of September 30, 2008, the Company had \$80.9 million of unused revolving credit availability for working capital purposes after restrictions by various debt covenants and certain letter of credit commitments. As of September 30, 2008, \$15.4 million of commitments were utilized by outstanding letters of credit. In addition, as of September 30, 2008, the Company had outstanding term loans of \$22.6 million under the credit facility.

The following table summarizes Koppers estimated liquidity as of September 30, 2008:

<i>(Dollars in millions)</i>	
Cash and cash equivalents (including cash of discontinued operations held for sale)	\$ 13.9
Amount available under senior secured credit facility	80.9
Amount available under other credit facilities	6.1
Total estimated liquidity	\$100.9

The Company's estimated liquidity was \$116.3 million at December 31, 2007. The decrease in estimated liquidity from that date is primarily due to a reduction in cash and cash equivalents and the expiration of a European-based credit facility.

The Company used a portion of the estimated proceeds of \$90.0 million from the Monessen sale (Note 5) in October 2008 to repay the Senior Secured Term Loans of \$22.6 million and amounts borrowed under the Senior Secured Revolving Credit Facility of \$26.5 million. This repayment increased the amount available under the senior secured credit facility to approximately \$107.0 million. The Company also repurchased Senior Secured Notes with a face value of \$17.5 million on October 27, 2008.

On October 31, 2008, Koppers Inc. entered into a \$300.0 million revolving credit facility with a syndicate of banks. The credit facility expires on October 31, 2012, has an initial interest rate of Libor plus 250 basis points, and is subject to certain covenants including maximum leverage and minimum fixed charges coverage. The agreement replaces the existing senior secured revolving credit facility.

As of September 30, 2008, the Company has \$200.0 million aggregate amount of common stock, debt securities, preferred stock, depository shares and warrants (or a combination of these securities) available to be issued under its \$200.0 million universal shelf registration statement filed in 2006.

On February 6, 2008, the Company's board of directors approved a common stock repurchase program. This program allows for the repurchase of up to \$75.0 million of common stock from time to time in the open market. The program is scheduled to expire in February 2010. The timing of such purchases will be determined by management based on a number of factors including the market price of the Company's common stock; the availability and pursuit of strategic initiatives including investment and acquisition opportunities; operating cash flow and internal capital requirements; and general economic conditions. As of September 30, 2008, 477,918 shares have been repurchased under this program totaling \$19.9 million. Additionally, orders were placed in September 2008 to purchase 19,768 shares totaling \$0.8 million which had not settled by September 30, 2008.

The Company's need for cash in the next twelve months relates primarily to contractual obligations which include debt service, purchase commitments and operating leases, as well as for working capital, capital maintenance programs and mandatory defined benefit plan funding. The Company may also use cash to pursue potential strategic acquisitions or potential repurchase of long-term debt that may be available on the open market or exercise of our call option. The Company believes that its cash flow from operations and available borrowings under the senior secured credit facility will be sufficient to fund its anticipated liquidity requirements for at least the next twelve months. In the event that the foregoing sources are not sufficient to fund the Company's expenditures and service its indebtedness, the Company would be required to raise additional funds and there is no assurance that the Company could raise such additional funds.

Cash Flows from Discontinued Operations

The cash flows related to Monessen and Koppers Arch for the nine months ended September 30, 2007 have not been restated in the condensed consolidated statement of cash flows. The net cash inflows of discontinued operations were \$0.7 million and \$3.9 million for the nine months ended September 30, 2008 and 2007, respectively. In connection with the sale of our 51 percent interest in Koppers Arch, we have provided an indemnity to the buyer for our share of liabilities, if any, arising from certain litigation and claims existing at July 5, 2007. Our financial exposure pursuant to this indemnity is capped at a monetary limit and is subject to time limitations.

Debt Covenants

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

- i The fixed charge coverage ratio, calculated as of the end of each fiscal quarter for the four fiscal quarters then ended, shall not be less than 1.05 to 1.0. The fixed charge coverage ratio at September 30, 2008 was 2.95 to 1.0.
- j The total leverage ratio, calculated as of the end of each fiscal quarter for the four fiscal quarters then ended, shall not exceed the ratios set forth below for the periods as specified in the table below. The total leverage ratio at September 30, 2008 was 1.62 to 1.0:

<i>Fiscal Quarters Ended</i>	<i>Ratio</i>
August 15, 2005 through September 30, 2008	5.0 to 1.0
September 30, 2008 and thereafter	4.5 to 1.0

The Company is currently in compliance with all covenants in the credit agreement governing the senior secured revolving credit facility.

At September 30, 2008, Koppers Inc. had \$218.3 million outstanding of Senior Secured Notes (excluding adjustment for related interest rate swap) and Koppers Holdings had \$182.2 million outstanding of Senior Discount Notes. The Senior Secured Notes and Senior Discount Notes include customary covenants that restrict, among other things, the 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. The Company is currently in compliance with all covenants in the indentures governing the Senior Secured Notes and the Senior Discount Notes.

Legal Matters

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

Recently Issued Accounting Guidance

The information set forth in Note 2 to the Condensed Consolidated Financial Statements of Koppers Holdings Inc. is hereby incorporated by reference.

Critical Accounting Policies

There have been no material changes to the Company's critical accounting policies as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2007.

Environmental and Other Matters

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There are no material changes to the disclosure on this matter made in the Company's Annual Report on Form 10-K for the year ended December 31, 2007.

ITEM 4. CONTROLS AND PROCEDURES

The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures were effective as of the end of the period covered by this report. There was no change in the Company's internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2008 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

There have been no material changes to the Risk Factors previously disclosed in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2007. However, we wish to reiterate that we sell products to mature markets which historically have been cyclical, such as the aluminum, specialty chemical and utility industries, which have been and could continue to be adversely impacted by declining economic conditions. Our profitability could also be impacted by fluctuations in the price, quality and availability of our primary raw materials such as coal tar for our Carbon Materials & Chemicals business and softwood and hardwood lumber for our Railroad & Utility Products business. Finally, our post-retirement obligations are, have been and continue to be underfunded. Over the past nine months, declines in market prices for equity and debt securities held in our pension plans has caused our post-retirement plans to be underfunded to a greater extent.

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

The following table sets forth information regarding Koppers Holdings' repurchases of shares of its common stock during the three months ended September 30, 2008:

<i>Period</i>	<i>Total Number of Common Shares Purchased</i>	<i>Average Price paid per Common Share</i>	<i>Total Number of Common Shares Purchased as Part of Publicly announced Plans or Programs</i>	<i>Maximum Number of Common Shares that May Yet be Purchased Under the Plans or Programs (1)</i>
July 1 – July 31	318,742	\$ 41.41	318,742	—
August 1 – August 31	—	\$ —	—	—
September 1 – September 30	139,551	\$ 41.71	139,551	—

- (1) On February 6, 2008, the board of directors approved a common stock repurchase program which was announced on February 20, 2008. This program allows for the repurchase of up to \$75.0 million of common stock from time to time in the open market. The total amount remaining under the program totals \$55.1 million at September 30, 2008. The program is scheduled to expire in February 2010.

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

ITEM 5. OTHER INFORMATION

On October 31, 2008, Koppers Inc. entered into a \$300.0 million revolving credit facility with a syndicate of banks led by PNC Capital Markets LLC and co-led by RBS Citizens Bank and Bank of America as joint book runners. The credit facility matures on October 31, 2012, has an initial interest rate of Libor plus 250 basis points, and is subject to certain covenants including, among others, maximum leverage and minimum fixed charges coverage, limitations on Koppers' ability to incur liens or become liable with respect to a guaranty, limitations on Koppers' ability to consummate a merger, consolidation, acquisition or dispose of certain assets and limitations on Koppers' ability to change the nature of its business. The agreement amends and restates the existing credit agreement and replaces the \$125.0 million revolver and term loan bank facilities, which were to expire in late 2009.

The obligation of Koppers to pay amounts outstanding under the credit facility may be accelerated upon the occurrence of an "Event of Default" as defined in the agreement. Such Events of Default include, among others, (1) Koppers' failure to pay the principal of, or interest on, borrowings under the credit facility, (2) any representation or warranty of Koppers in the agreement proving to be materially false or misleading, (3) Koppers' breach of any of its covenants contained in the credit agreement, (4) the bankruptcy or insolvency of Koppers and (5) the failure of certain third-party indemnitors to perform their obligations to a certain extent.

The foregoing description of the credit facility does not purport to be a complete statement of the parties' rights and obligations under the agreement and the transactions contemplated by the agreement. The foregoing description of the agreement is qualified in its entirety by reference to the agreement, which will be filed as an exhibit to the Company's Form 10-K for the year ended December 31, 2008.

ITEM 6. EXHIBITS

- 10.49* Purchase Agreement dated as of August 3, 2008 by and among Koppers Inc., Carbon Investments, Inc., and ArcelorMittal S.A.
- 31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Schedules and exhibits to the agreement have been omitted. The Company will furnish supplementally a copy of any omitted schedule to the Commission upon request.

SIGNATURES

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

Date: November 6, 2008

KOPPERS HOLDINGS INC.
(REGISTRANT)

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

PURCHASE AGREEMENT

dated as of August 3, 2008

by and among

KOPPERS INC.,

CARBON INVESTMENTS, INC.,

and

ARCELORMITTAL S.A.

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BUYER'S DISCLOSURE SCHEDULE

- 5.2 Governmental Approvals

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT, dated as of August 3, 2008 (this "Agreement"), by and among Koppers Inc., a Pennsylvania corporation ("Koppers"), Carbon Investments, Inc., a Delaware corporation ("CI") and, together with Koppers, "Sellers"), which is a party to this Agreement solely for the purpose of being bound by Article II and Sections 3.3, 6.6, 12.2, 13.1 and 15.2 of this Agreement and making the representations and warranties in Sections 4.2(b), 4.4(b), 4.4(d) and 4.7(b) of this Agreement, and ArcelorMittal S.A., a *société anonyme* organized under the laws of Luxembourg, acting directly or through its designee ("Buyer").

RECITALS

WHEREAS, Koppers Monessen Partners LP, a Delaware limited partnership (the "Partnership"), is engaged in the business of producing coke and various by-products of the coke production process (the "Business") at its Monessen, Pennsylvania facility (the "Facility");

WHEREAS, Koppers owns a 95% interest in the Partnership and CI owns a 5% interest in the Partnership, each of which shall be converted at Closing (the "Conversion"), *pro rata*, into the sole membership interests (such converted interests, respectively, the "Koppers Interests" and the "CI Interests," and together, the "Interests") of a newly formed Delaware Limited Liability Company (the "Limited Liability Company"); and;

WHEREAS, Buyer desires to purchase from each of Koppers and CI, and each of Koppers and CI desires to sell to Buyer, upon the terms and subject to the conditions hereinafter set forth, the Koppers Interests and the CI Interests, respectively.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein and intending to be legally bound, each of the parties hereto hereby agrees as follows:

ARTICLE I DEFINITIONS

1.1 General Provisions. For all purposes of this Agreement, except as otherwise expressly provided:

- (a) the terms defined in this Article I have the meanings assigned to them in this Article I and include the plural as well as the singular;
- (b) all references herein to designated "Articles," "Sections" and other subdivisions and to "Exhibits" and "Schedules" are to the designated Articles, Sections and other subdivisions of the body of this Agreement and to the exhibits and schedules to this Agreement;
- (c) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms;

(d) when any representation, warranty, covenant or agreement contained in this Agreement is expressly qualified by reference to “Koppers’ knowledge” or words of similar import, it shall mean the current, actual knowledge of the individuals set forth in Part I of Schedule 1.1(d), following reasonable inquiry.

(e) where any representation, warranty or other provision in this Agreement refers to notice or written notice having been delivered or received by the Partnership or any of its Affiliates, such representation, warranty or other provision shall be interpreted to include only any notice to the individuals set forth in Part I of Schedule 1.1(d) or any notice of which one of such individuals has actual knowledge, following reasonable inquiry as to the sending or receipt of such notice.

(f) when any representation, warranty, covenant or agreement contained in this Agreement is expressly qualified by reference to “Buyer’s knowledge” or words of similar import, it shall mean the current, actual knowledge of the individuals set forth in Part II of Schedule 1.1(d), following reasonable inquiry.

(g) the Parties anticipate that, immediately prior to Closing, the Partnership will be converted into a Delaware Limited Liability Company as provided for in Section 9.1(e) hereof. All references in this Agreement to the “Partnership,” including, without limitation, with respect to the representations and warranties and covenants of Koppers and/or CI concerning the Partnership, the Partnership Agreement and the Interests of the Partnership, shall be deemed, upon conversion, to apply to the Limited Liability Company (notwithstanding any specific references elsewhere in this agreement to the Limited Liability Company).

(h) all references herein to “books and records” shall include, without limitation, computer records and files; and

(i) all references to Sellers, Buyer or the Partnership shall include any successor or assign of such Person.

1.2 Specific Provisions. As used herein the following definitions shall apply:

“30-Day Period” is defined in Section 2.3(c).

“Accountants’ Determination” is defined in Section 2.3(c).

“Action” means any action, complaint, investigation, petition, suit, arbitration or other proceeding, whether civil or criminal, in law or in equity, or before any arbitrator or Governmental Entity.

“Adjusted Purchase Price” shall mean an amount equal to the Initial Purchase Price, plus (y) the dollar amount of Net Working Capital (as finally determined in accordance with Section 2.3 below).

“Affiliate” means a Person that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, a specified Person.

“Agreed Rate” means, as of the date of any payment of interest to be made by reference thereto, the interest rate from time to time announced by PNC Bank as its prime rate calculated on the basis of a 365-day year and charged for the actual number of days elapsed.

“Agreement” is defined in the caption to this Agreement.

“Amount Transferred” is defined in Section 14.5(c).

“Approval” means with respect to a given Person any approval, authorization, consent, qualification or registration, or any waiver of any of the foregoing, required to be obtained by such Person from, or any notice, statement or other communication required to be filed by such Person with or delivered by such Person to, any Governmental Entity or any other Person.

“Approval Contract” is defined in Section 6.9(b).

“Arbitrating Accountants” is defined in Section 2.3(c).

“Assignment” is defined in Section 3.2(a).

“Assignable Contract” is defined in Section 6.9(a).

“Assumed Koppers Liabilities” is defined in Section 2.3(d).

“Assumed Retirement Liabilities” is defined in Section 14.5

“Business” is defined in the Recitals to this Agreement.

“Buyer” is defined in the caption to this Agreement.

“Buyer Actuary” is defined in Section 14.5(b).

“CI” is defined in the Recitals to this Agreement.

“CI Interests” is defined in the Recitals to this Agreement.

“Closing” means the consummation of the purchase and sale of the Interests pursuant to this Agreement.

“Closing Date” means the date of the Closing.

“Closing Financial Schedule” is defined in Section 2.3(a).

“Code” means the Internal Revenue Code of 1986, as amended.

“Commercially Reasonable Efforts” means as to a party, an undertaking by such party to perform or satisfy an obligation or duty or otherwise act in a manner reasonably calculated to obtain the intended result, provided that such party shall not be required to take actions, other than in the ordinary course of business, which would cause it to (i) expend funds other than for payment of the reasonable and customary costs and expenses of employees, counsel, consultants, representatives or agents of such party in connection with the performance or satisfaction of such obligation or duty or other action, (ii) institute litigation or arbitration as a part of its Commercially Reasonable Efforts or (iii) amend, waive or modify a term or condition of, or grant any concessions under or with respect to, any contract or relationship with respect to which an approval is sought or any other agreement or relationship with such Person.

“Competing Transaction” is defined in Section 6.6.

“Contract” means any binding agreement, contract, guarantee, license, lease, promise, understanding or arrangement (written or unwritten), bond, note, commitment, franchise, indemnity, indenture, instrument, lease or license, together with any schedules or documents executed or delivered in connection therewith and any modifications, amendments or supplements thereto.

“Conversion” is defined in the Recitals to this Agreement.

“Current Financial Schedule” is defined in Section 4.8(a).

“Dell Leased Equipment” means the computer equipment leased from Dell Financial Services L.P. pursuant to lease schedules number 053, 054, 082, 083, 085 and 097 executed under that certain Master Lease Agreement No. 6059888 dated as of October 12, 1998 and used by the Partnership, to the extent such schedules relate to the equipment described in Section 4.11(a) of the Disclosure Schedule.

“Draft Purchase Price Allocation” is defined in Section 13.2.

“Employee Benefit Plans” means all Employee Pension Benefit Plans (as defined in Section 3(2) of ERISA, whether or not subject to ERISA), all Employee Welfare Benefit Plans (as defined in Section 3(1) of ERISA, whether or not subject to ERISA) and each other employee benefit program, policy, agreement, arrangement or payroll practice, whether or not subject to ERISA or the Code, which provides any bonus, commission, profit-sharing, incentive, change in control, equity or equity-based severance or termination benefit, or that is a payroll policy, vacation, fringe benefit, deferred compensation, retirement benefits, employment agreement or similar program, policy, agreement or arrangement.

“Employees” means those personnel employed by Koppers in connection with the operation of the Business as of July 24, 2008, each of whom is listed in Section 4.13(a) of the Disclosure Schedule (including those employees currently on inactive status), and non-executive new hires who are hired in, and have terms and conditions of employment consistent with, the ordinary course of business. For the avoidance of doubt, Employees does not include personnel employed by Koppers 50% or more of whose time spent providing services that extend beyond the operation of the Business.

“Encumbrance” means any claim, charge, easement, lien, lease, covenant, security interest, encumbrance, option, pledge, rights of others or other restriction.

“Environmental Laws” means all applicable laws, statutes, judicial decisions, regulations, ordinances and other requirements of Governmental Entities or duties under common law relating to the protection of health, safety, the environment or natural resources.

“Environmental Permits” means all licenses, permits and other authorizations or registrations required under any Environmental Laws, including those arising from any construction or modification of any emission sources.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the related regulations and published interpretations.

“Estimated Amount” is defined in Section 14.5(c).

“Excluded Intangible Property” the names “Koppers” and any names derived therefrom and any rights (ownership, licensed or otherwise) of the Partnership to use the mark “Koppers,” and the color associated therewith, and any other trademarks, service marks, brand names, Internet domain names, logos, trade dress, trade names, corporate names and other indicia of origin, and any derivatives of the foregoing, and all registrations and applications for registration of any of the foregoing, and all goodwill associated with and symbolized by the foregoing.

“Facility” is defined in the caption to this Agreement.

“Final Asset Transfer Amount” is defined in Section 14.5(b).

“Final Determination Date” is defined in Section 2.3(d).

“Former Employee” is defined in Section 14.4.

“Governmental Entity” means any government or any agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether federal, state or local, domestic or foreign.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the related regulations and published interpretations.

“Indebtedness” means obligations on account of money borrowed, bonds, debentures, notes or similar instruments, capitalized leases, letters of credit or guarantees.

“Indemnifiable Claim” means any Loss for or against which any party is entitled to indemnity under this Agreement.

“Indemnified Party” means a party entitled to indemnity under this Agreement.

“Indemnifying Party” means a party obligated to provide indemnity under this Agreement.

“Initial Purchase Price” shall mean an amount equal to one hundred sixty million dollars (\$160,000,000.00).

“Intangible Property” means the patents and patent applications, trade names, trademarks and goodwill associated therewith (including registrations or applications therefor), service marks, trade secrets, copyrights (including registrations or applications therefor) and computer software applications, software licenses and all other items of intellectual or intangible property throughout the world.

“Interests” is defined in the Recitals to this Agreement.

“Investment” means, with respect to a particular Person, a minority equity interest, held directly or indirectly by such Person.

“IRS” means the Internal Revenue Service or any successor entity.

“Koppers” is defined in the Recitals to this Agreement.

“Koppers Actuary” is defined in Section 14.5(b).

“Koppers Benefit Plans” is defined in Section 4.14(a).

“Koppers Interests” is defined in the Recitals to this Agreement.

“Koppers Litigation” means the lawsuit captioned *Nicholas v. Staffieri* filed against Koppers in the United States District Court for the Western District of Pennsylvania on May 13, 1997, and any related or successor claim in any court.

“Law” means any constitutional provision, statute, ordinance or other law, rule, regulation, or interpretation of any Governmental Entity and any Order, in each instance as in effect as of the date hereof.

“Limited Liability Company” is defined in the Recitals to this Agreement.

“Loss” means any action, cost, damage (excluding special, punitive, incidental or consequential damages), disbursement, expense, liability, loss, deficiency, obligation, penalty or settlement of any kind or nature, whether foreseeable or unforeseeable, including, but not limited to, interest or other carrying costs, penalties, and reasonable legal, accounting and other professional fees and expenses incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement, that may be imposed on or otherwise incurred or suffered by the specified Person.

“Material Adverse Effect” means a material adverse effect on the business, assets, financial condition, revenues or net income of the Partnership, taken as a whole, or on the ability of the Sellers or the Partnership to consummate the transactions contemplated hereby; provided, however, that none of the following will be deemed, individually or collectively, to constitute a “Material Adverse Effect”: (i) any changes, circumstances or effects resulting from or relating to changes or developments in the economy, interest rates, financial markets, securities markets or commodity markets or in the political climate generally or in any specific region; (ii) any changes in conditions or developments generally applicable to the industry in which the Partnership is involved; (iii) any changes in applicable Laws or accounting practices or conventions and (iv) any changes, circumstances or effects arising as a result of or otherwise related to the matters described in Sections 4.9(d) and 4.11(b)(1) of the Disclosure Schedule.

“Material Contract” is defined in Section 4.11(a).

“Material Intangible Property” is defined in Section 4.10(a).

“Material Licenses” is defined in Section 4.10(a).

“Net Working Capital” is defined in Section 2.3(d).

“New Union Contract” is defined in Section 8.4.

“Non-Consenting Contract” is defined in Section 6.9(b).

“Non-Union Employees” means Employees other than Union Employees.

“Notice” is defined in Section 6.5(c).

“Notice of Adjustment” is defined in Section 2.3(b).

“Notified Parties” is defined in Section 6.5(c).

“Notifying Parties” is defined in Section 6.5(c).

“Objection Notice” is defined in Section 2.3(c).

“Order” means any award, decision, decree, injunction, stay, judgment, order, ruling, subpoena, verdict, assessment or writ.

“Owned Material Intangible Property” is defined in Section 4.10(a).

“PADEP” means the Pennsylvania Department of Environmental Protection.

“PADEP Consent Order” means that Consent Order and Agreement dated December 29, 1994 by and between the PADEP and Koppers.

“Partnership” is defined in the Recitals to this Agreement.

“Partnership Agreement” means the Amended and Restated Agreement of Limited Partnership dated December 1, 1999 by and between Koppers (formerly known as Koppers Industries, Inc.) and Carbon Investments, Inc., as amended.

“PBGC” is defined in Section 4.14(b).

“Permit” means any license, registration, permit, franchise, certificate of authority, approval, order or other similar authorization, or any waiver of the foregoing, required to be issued by any Governmental Entity.

“Permitted Encumbrance” means (i) any Encumbrances for Taxes not yet due and payable, (ii) mechanics liens arising or incurred in the ordinary course of business with respect to which the underlying obligation is not delinquent, the rights of any person claiming by, through or under Buyer, (iii) Encumbrances under equipment leases with third parties entered into in the ordinary course of business and (iv) in the case of tangible property, Encumbrances or defects of title which do not (a) secure an obligation to pay money in excess of \$100,000, or (b) individually or in the aggregate, materially affect the use or value of such property as used in the Business through the Closing Date.

“Per Claim Amount” is defined in Section 12.5(b).

“Per Claim Deductible” is defined in Section 12.5(b).

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

“Purchase Price Allocation” is defined in Section 13.2.

“Retiree Life Plan” means the employee welfare benefit plans sponsored by Koppers that provides retiree life insurance benefits to certain Union Employees and Non-Union Employees and in which such Union Employees and Non-Union Employees participate immediately prior to the Closing.

“Retiree Medical Plan” means the employee welfare benefit plan sponsored by Koppers that provides retiree medical benefits to certain and Non-Union Employees and in which such and Non-Union Employees participate immediately prior to the Closing.

“Retirement Plan” means the defined benefit plan of Koppers in which the Employees participate immediately prior to the Closing.

“Sellers” is defined in the caption to this Agreement.

“Settlement Agreement” is defined in Section 2.3(c).

“Straddle Period” means any Tax period beginning before and ending after the Closing Date.

“Subsidiary” means, with respect to a particular Person, each Person a majority of the shares of stock or other equity interests of which are owned, directly or indirectly, by such particular Person.

“Supply Contract” is defined in Section 3.2(b).

“Tangible Assets” is defined in Section 4.9(b).

“Tax” means all amounts paid or payable to a Governmental Entity, whether foreign, federal, state, county or local taxes, charges, fees, levies, or other assessments of whatsoever kind or nature, including without limitation, all net income, gross income, gross receipts, sales, use, services, ad valorem, occupation, transfer, franchise, capital stock, profits, license, withholding, payroll, employment, unemployment, excise, estimated, severance, stamp, occupancy or property taxes, custom duties, assessments of charges of any kind whatever (together with any interest, penalty or addition to tax).

“Tax Return” means any return, report, declaration, estimate, information return or other document (including any related or supporting information) filed or required to be filed with any Governmental Entity with respect to Taxes.

“Termination Notice” is defined in Section 6.5(c).

“Third Party Rights” is defined in Section 4.10(b).

“Title Company” is defined in Section 6.8.

“Transferred Employee” is defined in Section 14.1(b).

“True-Up Amount” is defined in Section 14.5(c).

“Unadjusted Purchase Price” shall mean an amount equal to the Initial Purchase Price, plus (y) the dollar amount of the “net working capital” line item on the Current Financial Schedule.

“Union” is defined in Section 4.15.

“Union Employees” means those Employees whose employment is covered by the Union Contract.

“Union Contract” is defined in Section 4.15.

“WARN Act” is defined in Section 4.13(c).

ARTICLE II
PURCHASE AND SALE OF INTERESTS

2.1 Purchase and Sale. At the Closing, upon the terms and subject to the conditions of this Agreement, (i) Koppers agrees to sell and deliver to Buyer, and Buyer agrees to purchase from Koppers, the Koppers Interests, free and clear of any Encumbrances, and (ii) CI agrees to sell and deliver to Buyer, and Buyer agrees to purchase from CI, the CI Interests, free and clear of any Encumbrances.

2.2 Purchase Price. The total purchase price for the Koppers Interests (the "Koppers Purchase Price") shall be an amount equal to (x) 95% of the Adjusted Purchase Price, minus (y) the dollar amount (expressed as a positive number) of the Assumed Koppers Liabilities. The total purchase price for the CI Interests (the "CI Purchase Price") shall be an amount equal to 5% of the Adjusted Purchase Price.

2.3 Purchase Price Adjustment.

(a) As promptly as practicable following the Closing Date, but in no event more than 60 business days after the Closing Date, Koppers shall prepare an updated version of the Current Financial Schedule as of the end of the day on the Closing Date (the "Closing Financial Schedule"). The Closing Financial Schedule shall reflect the same line items as are included in the Current Financial Schedule and shall be prepared in accordance with the specific principles set forth on Schedule 2.3 and in a manner consistent with the preparation of the Current Financial Schedule.

(b) Upon completion of the Closing Financial Schedule, Koppers shall promptly deliver the same to the Buyer, together with a notice (the "Notice of Adjustment") setting forth (i) the dollar amount of the "net working capital" line item on the Closing Financial Schedule and (ii) the dollar amount of the "assumed Koppers liabilities" line item identified on the Closing Financial Schedule. The parties shall provide to one another, and to each of their respective advisors, reasonable access upon prior written request to such parties' personnel, advisors, properties, books and records, in each case to the extent relevant to the preparation and analysis of the Closing Financial Schedule.

(c) Following receipt of the Closing Financial Schedule and the accompanying Notice of Adjustment, the Buyer will be afforded a period of 30 business days (the "30-Day Period") to review the Closing Financial Schedule and the Notice of Adjustment. At or before the end of the 30-Day Period, the Buyer will either (A) accept the calculation of the net working capital and/or assumed Koppers liabilities as set forth in the Notice of Adjustment or (B) deliver to the Sellers a written notice (an "Objection Notice") identifying any calculations relating to the net working capital and/or assumed Koppers liabilities that the Buyer dispute together with a reasonably detailed explanation as to the basis for and amount of such dispute. The failure by the Buyer to deliver an Objection Notice within the 30-Day Period shall constitute the Buyer's acceptance of the amount of the net working capital and/or assumed Koppers liabilities as set forth in the Notice of Adjustment. If the Buyer delivers an Objection Notice in a timely manner, then, within a further period of 20 business days from the end of the 30-Day Period, the parties and, if desired, their

accountants will attempt to resolve in good faith any disputes relating to the net working capital and reach a written agreement (the “Settlement Agreement”) with respect thereto. Failing such resolution, any unresolved disputed items relating to the net working capital will be referred for final binding resolution to a mutually acceptable accounting firm (the “Arbitrating Accountants”), the fees and expenses of which shall be paid by the Buyer. The amount of the net working capital will be deemed to be as determined by the Arbitrating Accountants. Such determination (the “Accountants’ Determination”) shall be (A) in writing, (B) furnished to Buyer and Sellers as soon as practicable after the items in dispute have been referred to the Arbitrating Accountants, (C) made in a manner consistent with the preparation of the Current Financial Schedule, and (D) nonappealable and incontestable by the parties hereto and each of their respective stockholders, partners, members, managers, Affiliates and successors and not subject to collateral attack for any reason other than manifest error or fraud.

(d) For purposes this Section 2.3, the “Final Determination Date” shall mean the earliest to occur of (A) the thirty-first business day following the receipt by the Buyer of the Closing Financial Schedule and accompanying Notice of Adjustment provided the Buyer shall have failed to deliver an Objection Notice to Sellers within the 30-Day Period, (B) the date on which the Buyer gives the Sellers a written notice to the effect that the Buyer has no objection to the Sellers’ determination of the net working capital, (C) the date on which the Buyer and Sellers execute and deliver a Settlement Agreement, and (D) the date as of which the Buyer and Sellers shall have received the Accountants’ Determination. For purposes of this Agreement, “Net Working Capital” shall mean the dollar amount of the “net working capital” line item on the Closing Financial Schedule and “Assumed Koppers Liabilities” shall mean the dollar amount of the “assumed Koppers liabilities” line item on the Closing Financial Schedule, in each case as finally determined in accordance with the procedures in this Section 2.3.

(e) Post Closing Adjustment. The following payments shall be made promptly following the Final Determination Date, in each case to the extent required based upon the final calculation of the Net Working Capital and the Assumed Koppers Liabilities in accordance with this Section 2.3:

(i) The “Koppers Adjustment Amount” shall be the amount determined in accordance with the following formula: (x) 95% of the result obtained by taking (A) the Net Working Capital and subtracting (B) the dollar amount of the “net working capital” line item on the Current Financial Schedule, plus (y) the result obtained by taking (A) the Assumed Koppers Liabilities and subtracting (B) the dollar amount of the “assumed Koppers liabilities” line item on the Current Financial Schedule. If the Koppers Adjustment Amount is positive, then Buyer shall deliver or cause to be delivered to Koppers an amount equal to the Koppers Adjustment Amount, plus interest thereon from the Closing Date through the date of payment calculated at the Agreed Rate. If the Koppers Adjustment Amount is negative, then Koppers shall deliver or cause to be delivered to Buyer an amount equal to the absolute value of the Koppers Adjustment Amount, plus interest thereon from the Closing Date through the date of payment calculated at the Agreed Rate.

(ii) The “CI Adjustment Amount” shall be the amount determined in accordance with the following formula: 5% of the result obtained by taking (A) the Net Working Capital and subtracting (B) the dollar amount of the “net working capital” line item on the Current Financial Schedule. If the CI Adjustment Amount is positive, then Buyer shall deliver or cause to be delivered to CI an amount equal to the CI Adjustment Amount, plus interest thereon from the Closing Date through the date of payment calculated at the Agreed Rate. If the CI Adjustment Amount is negative, then CI shall deliver or cause to be delivered to Buyer an amount equal to the absolute value of the CI Adjustment Amount, plus interest thereon from the Closing Date through the date of payment calculated at the Agreed Rate.

(f) To the extent there is a disagreement between Koppers and Buyer concerning the amount of the Net Pension Liability that comprises the assumed Koppers liabilities line item on the Closing Financial Schedule as a result of the failure of Koppers and Buyer to have agreed upon the amount of the Assumed Retirement Liabilities in Section 14.5 of this Agreement, then the parties agree that they will (i) exclude the Net Pension Liability line item from the calculation of the assumed Koppers liabilities for purposes of this Section 2.3, but otherwise comply with the provisions of this Section 2.3 with respect to all other amounts, (ii) resolve any disagreement regarding the amount of the Net Pension Liability pursuant to Section 14.5, and (iii) within 10 days of the final determination of the amount of the Net Pension Liability pursuant to Section 14.5, make any additional payments as required to reflect the final amount of the Net Pension Liability as if it had been included in the original calculation of the assumed Koppers liabilities.

ARTICLE III CLOSING

3.1 Closing Date. The Closing shall take place at the offices of Reed Smith LLP, 435 Sixth Avenue, Pittsburgh, Pennsylvania 15219, on the last business day of the month during which the conditions specified in Articles VIII, IX and X shall have been satisfied or waived, or at such other place or on such other date as Koppers and Buyer may agree. The Closing shall be effective as of 11:59 PM eastern standard time on the Closing Date.

3.2 Items to be Delivered at the Closing by Koppers. At the Closing, Koppers shall deliver or cause to be delivered:

- (a) A duly and validly authorized and executed copy of the Assignment and Assumption of Interests (the “Assignment”) in the form of Exhibit A.
- (b) To the Limited Liability Company, a copy of the Coal Tar Supply Contract (the “Supply Contract”) in the form of Exhibit B-1 hereto, as revised to reflect the terms described in Exhibit B-2 hereto, duly executed by Koppers.
- (c) Any and all of the Partnership’s and the Limited Liability Company’s records and documents relating to the Business.
- (d) An executed certificate of a duly authorized officer of Koppers, dated as of the Closing Date, certifying that the conditions contained in Sections 9.1(a), 9.1(b), 9.2 and 9.3(b) have been satisfied to the extent such conditions relate to Koppers as a Seller.

3.3 Items to be Delivered at the Closing by CI. At the Closing, CI shall deliver or cause to be delivered:

(a) A duly and validly authorized and executed copy of the Assignment.

(b) An executed certificate of a duly authorized officer of CI, dated as of the Closing Date, certifying that the conditions contained in Sections 9.1(a), 9.1(b) and 9.2 have been satisfied to the extent such conditions relate to CI as a Seller.

3.4 Items to be Delivered at the Closing by Buyer. At the Closing, Buyer shall deliver or cause to be delivered:

(a) To Koppers, by wire transfer in funds immediately available, an amount equal to (i) the Unadjusted Purchase Price, minus (ii) the dollar amount (expressed as a positive number) of the “assumed Koppers liabilities” line item on the Current Financial Schedule (it being understood that, promptly following the Closing, Koppers shall deliver to CI an amount equal to 5% of the Unadjusted Purchase Price, less transaction expenses and fees attributable to CI).

(b) To each applicable Seller, a duly and validly authorized receipt of Assignment, which shall have been duly executed by the applicable Buyer.

(c) To Koppers, the Supply Contract in the form of Exhibit B-1 hereto, as revised to reflect the terms described in Exhibit B-2 hereto, duly executed by Buyer and Koppers.

(d) An executed certificate of a duly authorized officer of Buyer, dated the Closing Date, certifying that the conditions contained in Article X have been satisfied.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SELLERS

Each representation and warranty contained in this Article IV is qualified by the disclosures made with respect to such representation and warranty in the Disclosure Schedule attached to this Agreement (the “Disclosure Schedule”). Except as set forth on the Disclosure Schedule, Koppers hereby makes the representations and warranties to Buyer set forth in Sections 4.1, 4.2(a), 4.3, 4.4(a), 4.4(c), 4.4(e), 4.5, 4.6, 4.7(a), 4.8, 4.9, 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17, 4.18, 4.19 and 4.20 and CI hereby makes the representations and warranties to Buyer set forth in Sections 4.2(b), 4.4(b), 4.4(d) and 4.7(b).

4.1 Organization and Related Matters. The Partnership is a limited partnership duly formed, validly existing and in good standing under the laws of the State of Delaware, and has full partnership power and authority to carry on the Business as currently conducted. At Closing, the Limited Liability Company shall be a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware, and shall have full power and authority to carry on the Business as currently conducted.

4.2 Capitalization.

(a) Koppers is the record and beneficial owner and holder of the Koppers Interests free and clear of all Encumbrances. At the Closing, Koppers will transfer to Buyer the Koppers Interests free and clear of all Encumbrances. Other than this Agreement and the Partnership Agreement, there are no Contracts relating to the sale or transfer of the Koppers Interests. The Koppers Interests have been issued in compliance with all applicable Laws. There are no outstanding contractual obligations of the Partnership, and at Closing there will be no such outstanding obligations of the Limited Liability Company, to repurchase, redeem or otherwise acquire the Koppers Interests or to provide funds to, or make any investment (in the form of a loan, capital contribution or otherwise) in, any other Person. The Koppers Interests and the CI Interests represent all of the interests in the Partnership, and at Closing will represent all of the interests in the Limited Liability Company.

(b) CI is the record and beneficial owner and holder of the CI Interests free and clear of all Encumbrances. At the Closing, CI will transfer to Buyer the CI Interests free and clear of all Encumbrances. Other than this Agreement and the Partnership Agreement, there are no Contracts relating to the sale or transfer of the CI Interests. The CI Interests have been issued in compliance with all applicable Laws. There are no outstanding contractual obligations of the Partnership, and at Closing there will be no such outstanding obligations of the Limited Liability Company, to repurchase, redeem or otherwise acquire the CI Interests.

4.3 Subsidiaries and Investments. The Partnership has no Subsidiaries or Investments.

4.4 Authorization; No Conflicts; Consents.

(a) The execution, delivery and performance of this Agreement, the Conversion and the Assignment by Koppers have been duly and validly authorized by all necessary corporate action on the part of Koppers. This Agreement and, upon consummation of the Closing, the Assignment, constitute the legally valid and binding obligations of Koppers, enforceable against Koppers in accordance with their terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or limiting creditors' rights generally and by general principles of equity and public policy.

(b) The execution, delivery and performance of this Agreement, the Conversion and the Assignment by CI have been duly and validly authorized by all necessary corporate action on the part of CI. This Agreement and, upon consummation of the Closing, the Assignment, constitute the legally valid and binding obligations of CI, enforceable against CI in accordance with their terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or limiting creditors' rights generally and by general principles of equity and public policy.

(c) The execution, delivery and performance of this Agreement, the Conversion and the Assignment by Koppers and the consummation of the transactions contemplated hereby, will not (i) violate the charter documents or bylaws of either Koppers or the Partnership or the Limited Liability Company, (ii) assuming receipt of Approvals listed in

Section 4.4 of the Disclosure Schedule, violate or constitute a breach or default (whether upon lapse of time and/or the occurrence of any act or event or otherwise) under any Material Contract or (iii) assuming receipt of the Approvals and Permits listed in Section 4.4 of the Disclosure Schedule, violate any Law. Except for matters identified in Section 4.4 of the Disclosure Schedule, the execution, delivery and performance by Koppers of this Agreement, and the consummation of the transactions contemplated hereby and thereby, will not require any Approval or Permit by any Governmental Entity or other Person. The execution, delivery and performance of this Agreement, the Conversion and the Assignment by CI and the consummation of the transactions contemplated hereby, will not (i) violate the charter documents of the Partnership or the Limited Liability Company, (ii) assuming receipt of Approvals listed in Section 4.4 of the Disclosure Schedule, violate or constitute a breach or default (whether upon lapse of time and/or the occurrence of any act or event or otherwise) under any Material Contract or (iii) assuming receipt of the Approvals and Permits listed in Section 4.4 of the Disclosure Schedule, violate any Law.

(d) The execution, delivery and performance of this Agreement, the Conversion and the Assignment by CI and the consummation of the transactions contemplated hereby, will not violate the charter documents or bylaws of CI. Except for matters identified in Section 4.4 of the Disclosure Schedule, the execution, delivery and performance by CI of this Agreement, and the consummation of the transactions contemplated hereby and thereby, will not require any Approval or Permit by any Governmental Entity or other Person.

(e) The execution, delivery and performance of the Supply Contract by Koppers has been duly and validly authorized by all necessary corporate action. When executed, the Supply Agreement will constitute the legally valid and binding obligation of Koppers, enforceable against Koppers in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or limiting creditors' rights generally and by general principles of equity and public policy.

4.5 Legal Proceedings. Except for the Koppers Litigation, there is no Action pending, or, to Koppers' knowledge, threatened, against the Partnership or that otherwise relates to the Business, nor is there any Order existing against the Partnership or that otherwise relates to the Business or the Facility, that individually or when aggregated with one or more other Actions or Orders has had, or would reasonably be expected to have, a Material Adverse Effect.

4.6 Compliance with Law.

(a) Each of the Business and the Partnership has been conducted in all material respects in accordance with all applicable Laws. The Partnership has not received notice of any violation of any Law applicable to and material to the Partnership, the Business or the consummation of the transactions contemplated by this Agreement.

(b) Except as to Environmental Permits and Environmental Laws, which are addressed exclusively in Section 4.17 of this Agreement, (i) the Partnership has complied in all material respects with the terms of any applicable Permits, and has not received written notification from any Governmental Entity of any violation of any Permit or any Law governing the issuance or continued validity thereof which is material to the Partnership, the Business or the consummation of the transactions contemplated by this Agreement and (ii) the Partnership has all material Permits required in connection with the conduct of the Business.

4.7 No Brokers or Finders.

(a) No agent, broker, finder, or investment or commercial banker, or other Person engaged by Koppers or an Affiliate of Koppers in connection with the negotiation, execution or performance of this Agreement or the transactions contemplated by this Agreement is or will be entitled to any brokerage or finder's or similar fee or other commission as a result of this Agreement or such transactions except for certain fees payable to UBS Investment Bank as to which fees Sellers shall have full responsibility and neither Buyer nor the Partnership shall have any liability.

(b) No agent, broker, finder, or investment or commercial banker, or other Person engaged by CI or an Affiliate of CI in connection with the negotiation, execution or performance of this Agreement or the transactions contemplated by this Agreement is or will be entitled to any brokerage or finder's or similar fee or other commission as a result of this Agreement or such transactions except for certain fees payable to UBS Investment Bank as to which fees Sellers shall have full responsibility and neither Buyer nor the Partnership shall have any liability.

4.8 Financial Schedule; No Material Liabilities.

(a) Koppers has made available to the Buyer an unaudited financial schedule of the Partnership as of June 30, 2008, a copy of which is attached to this Agreement as Exhibit C (the "Current Financial Schedule") setting forth the net assets and assumed liabilities of the Business as of such date. The Current Financial Schedule was prepared in accordance with the policies set forth in Schedule 2.3 and fairly presents in accordance with the policies set forth in Schedule 2.3 the financial condition of the Business as of June 30, 2008.

(b) Koppers has made available to the Buyer a Statement of Operations of the Partnership for the six month period ended June 30, 2008 and the year ended December 31, 2007, a copy of which is attached to this Agreement as Exhibit C-2 (the "Statements of Operations") setting forth the results of operations of the Business for each such period. Each of the Statements of Operations fairly presents the financial results of the Business for the relevant period. In addition, the Statement of Operations reconciles the tax basis results of the Partnership to amounts reflected in Koppers' underlying books and records which are prepared in accordance with applicable generally accepted accounting principles.

(c) There are no liabilities of the Business, other than the liabilities (i) reflected on the Current Financial Schedule, (ii) disclosed in Section 4.8(c) of the Disclosure Schedule, (iii) incurred since the date of the Current Financial Schedule in the ordinary course of business, consistent with past practice or (iv) that would not, individually or in the aggregate, have a Material Adverse Effect.

(d) Since the date of the Current Financial Schedule, there has not been any Material Adverse Effect and, except with respect to actions permitted under Section 6.2 of this Agreement during the period between the date of this Agreement and Closing, the Business has been conducted in the ordinary course consistent with past practice. Except as set forth in Section 4.8(d) of the Disclosure Schedule, and except with respect to actions permitted under Section 6.2 of this Agreement during the period between the date of this Agreement and Closing, since the date of the Current Financial Schedule there has not been any (i) change in any of the interests of the Partnership; grant of any option or right to purchase any interests of the Partnership; issuance of any security convertible or exchangeable into such interests; (ii) amendment to the Partnership Agreement; (iii) entry into, termination of, amendment, waiver or receipt of notice of termination of any Material Contract, except for such entry, termination, amendment or waiver that has not had and is not reasonably expected to have a Material Adverse Effect; (iv) sale, lease or other disposition of any material asset or property of the Partnership or the Business, or mortgage, pledge or imposition of any Encumbrance, other than Permitted Encumbrances, on any material asset or property of the Partnership or the Facility; (v) material change in the accounting methods or policies used by the Partnership or (vi) agreement, whether written or oral, to do any of the foregoing.

4.9 Real Property; Tangible Assets.

(a) The Partnership owns all of the real property on which the Facility is located, which is described in detail on Section 4.9(a) of the Disclosure Schedules (the “Real Property”). Except for the Facility, the Partnership does not own or lease any other real property. Except as described in Section 4.9(a) of the Disclosure Schedule, the Partnership has good and marketable title to the Real Property free and clear of any Encumbrances, other than Permitted Encumbrances. No Person other than the Partnership is entitled to possession of the Real Property, and there are no leases, subleases or licenses granting to any third party the right of use or occupy of any portion of the Real Property. There are no outstanding options, rights of first refusal or other preferential rights to purchase, lease, occupy or otherwise use the Real Property or any portion thereof or interest therein. The plants, buildings and structures located on the Real Property currently have (i) access to water supply, storm and sanitary sewer facilities, telephone, gas and electrical connections, fire protection, drainage and other public utilities, in each case as is necessary for the conduct of the Business as it is presently conducted and (ii) adequate rights of access to dedicated public ways. Except for such plants, buildings or structures not material to the operation of the Business, the plants, building and structures of the Facility are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, and are structurally sound. There are no condemnation or appropriation or similar proceedings pending or, to Koppers’ knowledge, threatened against the Real Property.

(b) To Koppers' knowledge: (i) there are no violations of any zoning ordinances, building codes or other governmental or regulatory laws affecting the Real Property or planned material changes in any zoning ordinances or building codes or other governmental or regulatory laws, other than Environmental Laws, that would affect the Real Property, (ii) any variance, conditional use permit, special use permit or other similar approval required for operation of the Facility has been obtained and remains in effect and (iii) other than Environmental Laws, there are no planned or commenced public improvements related to the Real Property that may result in material special assessments against any part of the Real Property, except in each case as would not have a Material Adverse Effect.

(c) Except as set forth in Section 4.9(c) of the Disclosure Schedule, the Partnership owns and has good and marketable title to all of the tangible assets listed on Schedule 4.9(c) of the Disclosure Schedule (the "Tangible Assets"). Except as described in Section 4.9(c) of the Disclosure Schedule, the Tangible Assets are free and clear of all Encumbrances other than Permitted Encumbrances and constitute all of the property necessary for the conduct of the Business as currently conducted.

(d) Except as set forth in Section 4.9(d) of the Disclosure Schedule, production at the Facility since December 31, 2007 has continued in the ordinary course, consistent with past practice and substantially similar output has been produced on a monthly basis during 2008 compared to output in the corresponding months during the prior three (3) years.

4.10 Intangible Property.

(a) Section 4.10(a) of the Disclosure Schedule lists all Intangible Property which is material to the Business as presently conducted (the "Material Intangible Property"). Part I of Section 4.10(a) of the Disclosure Schedule lists all Material Intangible Property owned by the Partnership ("Owned Material Intangible Property"). Part II of Section 4.10(a) of the Disclosure Schedule also lists all Material Intangible Property which is owned by third parties and the agreement pursuant to which Koppers is licensed to use (in connection with the operation of the Business) any Material Intangible Property ("Material Licenses"). The Partnership has good title to the Owned Material Intangible Property. The Partnership has the right to use the Intangible Property covered by each Material License in the operation of the Business as currently conducted in accordance with the terms of such Material License.

(b) As of the date of this Agreement, the Partnership owns or has a valid license to use all of the Material Intangible Property used in or necessary for the operation of the business of the Partnership and its subsidiaries.

(c) Except as set forth in Section 4.10(c) of the Disclosure Schedule, there is no pending reexamination, opposition, interference, cancellation, invalidation or other Action against the Partnership with respect to any Material Intangible Property. Except as set forth in Section 4.10(c) of the Disclosure Schedule or as would not be reasonably expected to have a Material Adverse Effect, (i) there are no pending or, to Koppers' knowledge, threatened written claims against the Partnership alleging that use of the Material Intangible Property by the Partnership in connection with the Business infringes or conflicts with the rights of others in the Material Intangible Property ("Third Party Rights"); (ii) the Partnership has not received any complaint, claim or notice alleging that it has violated or, by using the

Material Intangible Property in connection with the Business as now conducted, would violate any Third Party Rights or that any Material Intangible Property owned by it are invalid or unenforceable; and (iii) no consent judgment or pending litigation in a court of law exists to which the Partnership is a party, which would prevent the Partnership from using any of the Material Intangible Property in the Business now conducted.

(d) To Koppers' Knowledge, all of the material computer networks, systems, software, and hardware used by the Facility (the "IT Systems") are in good working order and the Facility has not experienced any material defects in design, workmanship or material in connection with their use. To Koppers' Knowledge, the IT Systems are free of all viruses, worms, trojan horses and other material known contaminants, and do not contain any bugs, errors, or problems of a material nature that could disrupt its operation.

(e) Except as identified in Section 4.10(e) of the Disclosure Schedule, the Partnership has not granted material rights to others in the Material Intangible Property.

4.11 Material Contracts.

(a) Section 4.11(a) of the Disclosure Schedule identifies all of the following Contracts (each a "Material Contract") to which the Partnership is a party or which relates to the Business or the Facility:

- (i) Contracts for the purchase or sale of assets by or of the Partnership having a value in excess of \$100,000 in any calendar year;
- (ii) Contracts containing covenants of the Partnership not to compete in any line of business, with any Person or in any geographical area or not to offer or sell any product or service to any Person or class of Persons;
- (iii) Any employment contracts between the Partnership or Koppers and any individual and any collective bargaining agreement with respect to the Business;
- (iv) Contracts relating to the incurrence of Indebtedness by the Partnership;
- (v) Contracts with customers involving the provision of goods or services for which the aggregate consideration will exceed \$100,000 in any calendar year;
- (vi) All Material Licenses;
- (vii) Contracts which grant to any third party a license to any Owned Material Intangible Property;
- (viii) Contracts with vendors or suppliers of goods or services for which the aggregate consideration will exceed \$100,000 in any calendar year;

(ix) Contracts involving a termination fee or otherwise requiring payment in exchange for the right to terminate such agreement, in each case in excess of \$100,000;

(x) Contracts which contain any non-compete, grant of exclusivity, most-favored-pricing clauses or otherwise operate to restrict or limit the operation of the Partnership or the Business;

(xi) Contracts which constitute (a) an outsourcing arrangement of any material systems or operations of the Partnership or (b) a joint venture or joint development agreement;

(xii) Any joint venture, alliance, partnership or other similar agreement;

(xiii) Any agreement creating or purporting to create an Encumbrance (other than a Permitted Encumbrance) on a material asset;

(xiv) Any contracts with an Affiliate of either Seller which exceed, in the aggregate, \$100,000; and

(xv) Any other agreement or commitment not made in the ordinary course of business in excess of \$100,000.

(b) Except as set forth in Section 4.11(b) of the Disclosure Schedule or as would not be reasonably expected to have a Material Adverse Effect, (i) the Partnership is not in, nor alleged to be in, default under any Material Contract, (ii) to Koppers' knowledge, there is no default by any other party to any Material Contract, and (iii) there exists no event, condition or occurrence which, after notice or lapse of time, or both, is reasonably likely to constitute a default by the Partnership, or to Koppers' knowledge, any other Person, under a Material Contract. All of the Material Contracts are in full force and effect and constitute legal, valid and binding obligations of the parties thereto in accordance with their terms, and, except as set forth in Section 4.11(b) of the Disclosure Schedule, will remain in full force and effect after the Closing without any Approval by any other party, except as contemplated by Sections 4.4 hereof.

4.12 Insurance. Section 4.12 of the Disclosure Schedule lists all insurance policies currently held by Koppers that relate to the Business or the Facility together with each loss control survey report provided to Koppers in respect of the Facility within the past six months. No event relating to the Business or the Partnership has occurred which will result in cancellation of any such insurance policies. Neither the Partnership nor the Business is in default under any such insurance policies and all premiums owed thereunder have been paid, and no material claims for coverage thereunder have been denied, except for any such failures as would not have a Material Adverse Effect.

4.13 Employees.

(a) Section 4.13(a) of the Disclosure Schedule sets forth the following information for each Employee: name; job title; current salary or hourly rate, as applicable, annual target bonus, if any; and service date or any adjusted service date reflecting service credit for prior employment. All of the employees of the Business are employed by Koppers, and the Partnership does not employ any Persons.

(b) Except for the production Employees who are members of the Union, (i) none of the Employees have, or are subject to, contracts of employment with Koppers or the Partnership, (ii) all Employees are employees “at will” whose employment is terminable without liability therefor (other than liability for severance payments or liability for retention or stay payments), and (iii) none of the Employees have, or are subject to, contracts or other agreements relating to stay bonuses and offer letters providing for retention or stay payments, commissions, compensation, special monetary or vacation awards, non-compete provisions or agreements, perquisites, warrants or other benefits to Employees; except in all cases that would not have a Material Adverse Effect.

(c) In the three (3) years prior to the date hereof, neither Koppers nor the Partnership has effectuated (i) a “plant closing” (as defined in the Worker Adjustment and Retraining Notification Act (the “WARN Act”) or any similar Law) affecting employees employed by Koppers in connection with the operation of the Business at the Facility or that would otherwise be required to be aggregated under the WARN Act with any other layoffs or terminations that would include any Employees or (ii) a “mass layoff” (as defined in the WARN Act, or any similar Law) affecting employees employed by Koppers in connection with the operation of the Business at the Facility or that would otherwise be required to be aggregated under the WARN Act with any other layoffs or terminations that would include any Employees. Neither Koppers nor the Partnership has laid off any employees employed by Koppers in connection with the operation of the Business at the Facility in the ninety (90) calendar days prior to the date hereof, nor has Koppers laid off any employees as part of any layoff that would be required to be aggregated under the WARN Act with any other layoffs or terminations that would include any Employees.

4.14 Benefit Plans.

(a) All Employee Benefit Plans which provide benefits or coverages to any Employee or with respect to which the Partnership has or could be reasonably expected to have any obligation to contribute or other liability (collectively, the “Koppers Benefit Plans”) are listed in Section 4.14(a) of the Disclosure Schedule. The Retirement Plan and any Koppers’ Benefit Plan which permits contributions described in Code Section 401(k) on behalf of Transferred Employees meet the requirements for qualification under Section 401(a) of the Code, and there are no facts or circumstances that would reasonably be expected to result in the disqualification of such plans under Section 401(a) of the Code. The Partnership does not maintain or contribute to, or otherwise have any liability with respect to, any Employee Benefit Plans other than the Koppers Benefit Plans. Koppers has made available to Buyer true and complete copies of the most recent Form 5500 Annual Returns/Reports for each Koppers Benefit Plan and the current summary plan description for each Koppers Benefit Plan. The Partnership and the Employees participate in the Koppers Benefit Plans due to the Partnership’s status as an Affiliate of Koppers.

(b) Except as set forth in Section 4.14(b) of the Disclosure Schedule, each Koppers Benefit Plan has been established and maintained in accordance with its terms and all applicable laws, except where any such non-compliance individually or in the aggregate could not reasonably be expected to result in any material liability to the Partnership or, following the Closing, Buyer or any of its Affiliates.

(c) Except as set forth in Section 4.14(c) of the Disclosure Schedule, no Koppers Benefit Plan provides, and the Partnership does not have any liability (whether contingent or otherwise) to provide post-termination or retiree welfare benefits (other than pension benefits) to any Employee or former employee of the Business or any other Person except as may be required by COBRA.

(d) With respect to each Koppers Benefit Plan which is an “employee pension benefit plan” within the meaning of Section 3(2) of ERISA as to which the Partnership or any ERISA Affiliate may have any liability under, or which is subject to Section 302 of the Code or Title IV of ERISA, (i) no such plan is a “multiemployer plan” within the meaning of Section 3(37) of ERISA or a “multiple employer plan” within the meaning of Section 413(c) of the Code; (ii) no such plan has been terminated so as to result, directly or indirectly, in any material liability, contingent or otherwise, of the Partnership or any of its ERISA Affiliates under Title IV of ERISA; and (iii) no complete or partial withdrawal from such plan has been made by any Person so as to result in any material liability to the Partnership or any of its ERISA Affiliates, whether such liability is contingent or otherwise. Except as otherwise indicated in Section 4.14(d) of the Disclosure Schedule, with respect to any of the Koppers Benefit Plans, no event has occurred and no condition or set of circumstances exists, in connection with which the Partnership or the Business will be directly or indirectly, through an ERISA Affiliate, subject to any liability, Encumbrance or loss of Tax deduction under ERISA or the Code or under any agreement, instrument, statute, rule of law or regulation pursuant to or under which any of the Partnership or the Business has indemnified or is required to indemnify any Person against any such liability (except liability for benefit claims and funding obligations payable in the ordinary course). Neither Koppers nor the Partnership, nor any defined benefit plan maintained by Koppers, the Partnership or any ERISA Affiliates have incurred any material liability to the Pension Benefit Guaranty Corporation (“PBG”) or the IRS except liabilities to the PBGC pursuant to Section 4007 of ERISA, all of which have been paid as due. Except as otherwise indicated in Section 4.14(d) of the Disclosure Schedule, no reportable event (as such term is used in section of 4043 of ERISA and for which the 30 day notice requirement has not been waived) or no “accumulated funding deficiency” (as such term is used in section 412 or 4971 of the Code) has occurred with respect to any of the Koppers Benefit Plans subject to Title IV of ERISA.

4.15 Labor Relations; Compliance. Koppers and the Partnership are parties to a collective bargaining agreement dated March 28, 2008 (the “Union Contract”) with the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Works International Union (the “Union”), which governs all of the hourly Employees listed in Section 4.13 of the Disclosure Schedules. Except as set forth in Section 4.15 of the

Disclosure Schedule, there has not been, there is not presently pending or existing, and to Koppers' knowledge there is not threatened, against Koppers or the Partnership or with respect to the Business (a) any strike, slowdown, picketing or work stoppage, (b) any proceeding based on the alleged violation of any Law pertaining to labor relations or employment matters, including any charge or complaint filed by an employee or union with the National Labor Relations Board, the Equal Employment Opportunity Commission, or any comparable Governmental Entity, organizational activity, or other labor or employment dispute against Koppers arising with respect to the Business or the Partnership, except in each case as would not have a Material Adverse Effect, or (c) any application for certification of a collective bargaining agent.

4.16 Taxes.

(a) The Partnership qualifies as a partnership for federal and state income tax purposes and has so qualified since its formation. The Partnership has filed or caused to be filed all material Tax Returns that are or were required to be filed by or with respect to any of them, either separately or as a member of a group of corporations, pursuant to applicable Law. The Partnership has delivered or made available to Buyer copies of all state and local income Tax Returns that pertain solely to the Partnership during ownership by the Partnership filed for periods beginning on or after January 1, 2005. The Partnership has paid all Taxes that have been shown as due on those Tax Returns.

(b) Except as set forth in Section 4.16 of the Disclosure Schedule, none of the United States federal or state income Tax Returns of the Partnership has been audited by relevant federal or state tax authorities. Except as set forth in Section 4.16 of the Disclosure Schedule, no adjustments have been made by the IRS to the income of the Partnership on the United States federal income Tax Returns filed by the Partnership. There is no audit presently in progress involving a Tax Return filed by the Partnership for which the Partnership has given or been requested to give a waiver or extension of any statute of limitations relating to the payment of Taxes for which the Partnership may be liable. Except as set forth in Section 4.16 of the Disclosure Schedule, no audit or other proceeding by any Governmental Entity is pending or threatened with respect to any Taxes due from or with respect to the Partnership or any Tax Return filed by or with respect to the Partnership.

(c) All Taxes that are or were required by Law to be withheld or collected have been duly withheld or collected and, to the extent required, have been paid to the proper Governmental Entity or other Person.

(d) All Tax Returns filed by (or that include on a consolidated basis) the Partnership are true, correct and complete in all material respects.

(e) The Partnership has no liability for any Tax or any portion of any Tax of any other Person, as transferee or successor, by contract, intercompany account system or otherwise and has never been a member of an affiliated group filing consolidated Tax Returns for federal, state, local or foreign purposes.

(f) No claim has been made in writing by a taxing authority in a jurisdiction where the Partnership does not file Tax Returns that it is or may be subject to taxation in the jurisdiction with respect to income or assets of the Business.

(g) The Partnership will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any transaction, other than a transaction in the ordinary course of business, that occurred prior to the Closing Date.

(h) Sellers make no representation or warranty as to the availability of tax credits under Section 45K of the Code in respect of sales of fuel produced at the Facility for purposes of any Tax Return filed after the date of this Agreement.

4.17 Environmental.

(a) Except as set forth in Section 4.17(a) of the Disclosure Schedule, each of the Business and the Partnership has been conducted in all material respects in accordance with all Environmental Laws and Koppers has timely applied for, obtained or maintained in effect, as appropriate, all Environmental Permits and is in material compliance with all such Environmental Permits, including without limitation the PADEP Consent Order, except in each case as would not reasonably be expected to have a Material Adverse Effect. Except as set forth in Section 4.17(a) of the Disclosure Schedule, neither Koppers nor the Partnership has any unresolved notice of any violation of any Environmental Law or Environmental Permit applicable to the Partnership or the Business.

(b) Except as set forth in Section 4.17(b) of the Disclosure Schedule, there are no pending or, to Koppers' knowledge, threatened Actions or Orders including, without limitation, contractual claims, or any consent decrees or other agreements in effect that relate to environmental conditions in, on, under or related to the Facility, except in each case as would not reasonably be expected to have a Material Adverse Effect.

(c) Except as set forth in Section 4.17(c) of the Disclosure Schedule, the Partnership has not received any written notice from a Governmental Entity regarding a new, proposed regulation under any Environmental Law which would be applicable to the Facility specifically and not to other entities with operations in the Business which, if instituted or promulgated, would have a Material Adverse Effect.

(d) Except as set forth in Section 4.17(d) of the Disclosure Schedule, to Koppers' knowledge, no polychlorinated biphenyls, underground storage tanks, or landfill, impoundment or other disposal area, is present at the Facility, except as would not reasonably be expected to have a Material Adverse Effect.

(e) To Koppers' knowledge, all waste materials generated by the Partnership or the Business have been properly stored, transported, treated and disposed of in accordance with all applicable Environmental Laws, except as would not reasonably be expected to have a Material Adverse Effect.

(f) Koppers has provided Buyer with access to all known material environmental, audits, investigations, and sampling or similar reports relating to the Facility.

(g) No liens pursuant to Environmental Laws have been or are imposed on the Facility, and to Koppers' knowledge no such liens have been threatened.

4.18 Related Party Transactions. Upon the consummation of the Closing, no Affiliate or related Person of Sellers will beneficially own or have any other material interest in any assets of the Partnership with a value in excess of \$50,000.

4.19 No Other Representation. Neither the Sellers nor the Partnership nor any of their respective partners or officers have made, or shall be deemed to have made, and neither the Sellers nor the Partnership is liable for or bound in any manner by, any express or implied representations, warranties, guaranties, promises or statements pertaining to the Business or the transactions contemplated under this Agreement, except as specifically and expressly set forth in this Article IV.

4.20 Disclosure of Information. To Koppers' knowledge, no representation or warranty by the Sellers in this Agreement, and no exhibit, document, certificate, or Disclosure Schedule furnished or to be furnished to the Buyer pursuant hereto in connection with the transactions contemplated hereby, considered as a whole, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements or facts contained herein or therein, in the context of the overall information provided to Buyer, not misleading.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF BUYER

Each representation and warranty contained in this Article V is qualified by the disclosures made with respect to such representations and warranty in the Buyer's Disclosure Schedule attached to this Agreement (the "Buyer's Disclosure Schedule"). Except as set forth in the Buyer's Disclosure Schedule, Buyer represents and warrants to Sellers as follows:

5.1 Organization and Related Matters. The Buyer is a *société anonyme* duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization. The Buyer has all necessary corporate power and corporate authority to execute, deliver and perform this Agreement and the Supply Agreement.

5.2 Authorization; No Conflicts.

(a) The execution, delivery and performance of each of this Agreement and the Supply Contract has been duly and validly authorized by all necessary corporate action on the part of Buyer. This Agreement constitutes, and when executed and delivered in accordance with this Agreement, the Supply Contract will constitute, the legally valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or limiting creditors' rights generally and general principles of equity and public policy. The execution, delivery and performance of this Agreement and

the Supply Contract, and the consummation of the transactions contemplated hereby and thereby, will not (i) violate the charter documents or bylaws of the Buyer, (ii) violate or constitute a breach or default (whether upon lapse of time and/or the occurrence of any act or event or otherwise under any material Contract to which the Buyer is a party) or (iii) violate any Law.

(b) Except for matters identified in Section 5.2(b) of the Buyer's Disclosure Schedule, the execution, delivery and performance by Buyer of this Agreement and the Supply Agreement, and the consummation of the transactions contemplated hereby and thereby, will not require any Approval or Permit of any Governmental Entity.

5.3 Legal Proceedings. There is no Action pending, or, to Buyer's knowledge, threatened, against Buyer nor is there any Order existing against Buyer, that individually or when aggregated with one or more other Actions or Orders would prohibit or limit the ability of the Buyer to consummate the transactions contemplated hereby.

5.4 No Brokers or Finders. No agent, broker, finder or investment or commercial banker, or other Person engaged by or acting on behalf of Buyer or any of their Affiliates in connection with the negotiation, execution or performance of this Agreement or the transactions contemplated by this Agreement is or will be entitled to any brokerage or finder's or similar fee or other commission as a result of this Agreement or such transactions.

5.5 Availability of Funds. At Closing, Buyer will have sufficient funds available to enable Buyer to consummate the transactions contemplated hereby and to permit Buyer to timely perform all of their obligations under this Agreement.

5.6 Qualified Buyer. Buyer is qualified to obtain any permits, licenses or authorizations necessary for Buyer to own the Interests as contemplated by this Agreement and to operate the Facility.

5.7 Securities Matters.

(a) The Interests to be received by Buyer will be acquired for investment for such Buyer's own account, not with a view to the distribution of any part thereof, and Buyer have no present intention of selling, granting any participation in, or otherwise distributing the same. The Buyer does not have any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participations to such Person or to any third Person, with respect to the Interests.

(b) Buyer understands that the Interests are characterized as "restricted securities" under the U.S. federal securities laws inasmuch as such securities are being acquired in a transaction not involving a public offering and that under such laws and applicable regulations such securities may not be resold in the absence of an effective registration statement covering the Interests or an exemption from registration under the Securities Act of 1933, as amended.

**ARTICLE VI
INTERIM COVENANTS**

6.1 Access. Koppers shall permit Buyer and its representatives (which term shall be deemed to include its independent accountants and counsel), to have reasonable access during normal business hours, upon reasonable notice and in such manner as will not unreasonably interfere with the conduct of the Business, to the Partnership's properties, books, records and all other information with respect to the Business and the Facility, as Buyer may from time to time reasonably request, and at Buyer's expense to make copies of such books, records and other documents as Buyer considers reasonably necessary or appropriate for the purposes of familiarizing themselves with the Business, obtaining any necessary Approvals of or Permits for the transactions contemplated by this Agreement and conducting an evaluation of the Business; provided, however, that under no circumstances shall Koppers be required to provide to Buyer and its representatives access to, nor shall any of them have rights to make copies of, (a) Tax Returns filed by either Seller or any of their Affiliates, other than the Partnership, (b) any information or materials required to be kept confidential by Law, or (c) any privileged attorney-client communications or attorney work-product relating (i) specifically to this Agreement or the transactions contemplated hereby, or (ii) to the Business, unless with respect to (ii) only, Buyer enters into a customary joint-defense agreement if Koppers is advised by its counsel that such agreement is both necessary and sufficient to avoid waiver of attorney-client privilege.

6.2 Conduct of Business. Koppers shall use its Commercially Reasonable Efforts, and shall cause the Partnership to use its Commercially Reasonable Efforts, to preserve intact the Business, maintain and keep its properties and equipment in good repair, keep available the services of the current officers, employees, and agents of the Business, and maintain the relations and good will with suppliers, customers, employees and others having business relationships with the Business. Without limiting the generality of the foregoing, from the date hereof until the Closing Date, without the prior consent of Buyer, except as set forth in Section 6.2 of the Schedule, Koppers will not permit the Partnership to:

(a) other than as expressly contemplated by this Agreement, conduct the Business in any manner except in the ordinary course of business, consistent with the past practice;

(b) sell, lease, license, transfer, mortgage, encumber or otherwise dispose of any material amount of assets except in the ordinary course of business and except for sales of excess inventory consistent with past practice over the last 12 months.

(c) adopt or propose any change in its limited partnership documents other than the Conversion, provided that if the Buyer notifies Koppers (which notice shall be delivered not less than 15 days before the Closing) that it no longer wishes to effect the Conversion, the parties shall make such amendments as are necessary to this Agreement so as to provide for the sale of the Partnership in its current form rather than in the form of the Limited Liability Company;

(d) merge or consolidate with any other Person;

- (e) make an Investment in any Person;
- (f) acquire an amount of assets of any other Person outside of the ordinary course of business;
- (g) authorize, recommend, propose or announce an intention to adopt a plan of complete or partial liquidation or dissolution;
- (h) (i) grant any material increase in the salary or other compensation of its employees, agents, independent contractors or representatives, except pursuant to the terms of written agreements in effect on the date hereof, nor grant any material bonus or other extraordinary payment to any employee, agent, independent contractor or representative, enter into any employment, independent contractor or representative agreement, make any loan to or enter into any material transaction of any other nature with any employee, agent, independent contractor or representative of the Partnership or (ii) amend or terminate any Koppers Benefit Plan or adopt any new arrangement that would be a Koppers Benefit Plan if such arrangement were in effect as of the date hereof;
- (i) terminate the employment of any key Employee, other than for "cause";
- (j) incur, renew, extend, assume or guarantee any indebtedness for borrowed money, other than working capital in the ordinary course of business;
- (k) sell, transfer, license, abandon, cancel, let lapse, fail to renew, fail to continue to prosecute, protect or defend, or otherwise dispose of, any Owned Material Intangible Property;
- (l) fail to maintain its books, accounts and records in the usual manner and consistent with past practice;
- (m) authorize, issue or sell any additional interests in the Partnership or make any distribution of any asset of the Partnership, other than cash, provided that any such distribution of cash shall be permitted only to the extent that it would not result in the Partnership having less than \$1 million in cash following such distribution;
- (n) modify, amend or terminate, or waive or assign any material right under any Material Contract;
- (o) enter into any activities unrelated to the Business (except for sales of excess inventory consistent with past practice over the last 12 months);
- (p) take any other action that would cause or be likely to cause a breach of the representations and warranties set forth in Article IV hereof if such representations or warranties were made as of the Closing; or
- (q) agree or commit to do any of the foregoing.

6.3 Approvals and Permits; Filings with Governmental Entities.

(a) Koppers shall cause the Partnership to use Commercially Reasonable Efforts to obtain, and will promptly cause the Partnership to prepare and file all registrations, filings and applications, requests and notices preliminary to, all Approvals and Permits required for the consummation of the transactions contemplated herein, and Buyer agrees to cooperate in good faith with Koppers and the Partnership in order to obtain all such Approvals and Permits.

(b) As soon as reasonably practicable after the execution of this Agreement, Koppers and Buyer shall make any and all filings required under the HSR Act and any other Law requiring filings with any Governmental Entity with respect to the transactions contemplated hereby. Koppers and Buyer shall furnish each other such necessary information and reasonable assistance as the other may reasonably request in connection with its preparation of necessary filings or submissions under the provisions of such Laws. Koppers and Buyer will promptly supply to each other copies of all correspondence, filings or communications, including file memoranda evidencing telephonic conferences, by such party or its Affiliates with any Governmental Entity or members of its staff, with respect to the transactions contemplated by this Agreement, except for documents filed pursuant to the Hart-Scott Rodino Notification and Report Form or communications regarding the same.

(c) Within 5 business days after the execution of this Agreement, Koppers and Buyer shall make initial contact with PADEP to obtain a Consent Order and Agreement from PADEP as required under Section 18 of the PADEP Consent Order.

(d) Buyer and Sellers shall bear on an equal basis all fees, including filing fees, in connection with filings required under the HSR Act and to obtain the requisite Approval from PADEP. Buyer and Sellers shall pay their own fees and expenses in connection with all other filings under this Section 6.3.

6.4 Efforts. Upon the terms and subject to the conditions of this Agreement, each of the parties hereto shall use its Commercially Reasonable Efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable consistent with applicable law to cause the fulfillment of the conditions to Closing set forth herein and to consummate and make effective in the most expeditious manner practicable the transactions contemplated hereby.

6.5 Notification of Certain Matters.

(a) Koppers shall give prompt notice to Buyer of any fact, event or circumstance known to it that (i) is reasonably likely, individually or taken together with all other facts, events and circumstances known to it, to result in any Material Adverse Effect, (ii) would cause or constitute a material breach of any of its representations, warranties, covenants or agreements contained herein or (iii) would make it impossible for Sellers to consummate the transactions contemplated by this Agreement.

(b) Buyer shall give prompt notice to Koppers of any fact, event or circumstance known to it that (i) is reasonably likely, individually or taken together with all other facts, events and circumstances known to them, to result in any material adverse effect on Buyer's ability to perform their obligations under this Agreement, (ii) would cause or constitute a material breach of any of their representations, warranties, covenants or agreements contained herein or (iii) would make it impossible for Buyer to consummate the transactions contemplated by this Agreement.

(c) If Koppers, on the one hand, or Buyer, on the other hand, provides notice pursuant to subsections (a) or (b) above, respectively (such notice a "Notice"; and the Party providing such notice, the "Notifying Party"), that a fact, event or circumstance known to the Notifying Party would give rise to a right to termination under Section 11.1(d) of this Agreement, the Party receiving such Notice (the "Notified Party") shall provide notice to the Notifying Party (a "Termination Notice") within fifteen days of receipt of the Notice if the Notified Party intends to exercise such right to terminate as a result of the matters set forth in the Notice; otherwise the Notified Party shall be deemed to have waived such right with respect to the matters set forth in the Notice. Notwithstanding anything contained herein to the contrary, to the extent that the Notified Parties' rights with respect to the matters set forth in the Notice are waived as a result of the Notified Parties' failure to provide the Notifying Parties with a Termination Notice within the 15 day period (it being understood that such failure shall constitute such a waiver), the matter described in the Notice shall not thereafter (i) be grounds for termination of this Agreement by the Notified Parties under Article XI hereof or (ii) give rise to a claim by the Notified Parties under Article XII hereof.

6.6 Competing Transaction. From the date of this Agreement until the Closing, neither Sellers, nor any of their respective Affiliates, shall initiate, solicit or encourage (including by way of furnishing information or assistance), or take any other action intended to facilitate, any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any Competing Transaction, or enter into discussions or negotiate with any Person in furtherance of any such Competing Transaction (regardless of the Person initiating contact), or agree to any Competing Transaction, or authorize or permit any of the officers or employees of the Partnership or any of its investment bankers, financial advisors, attorneys, accountants or other representatives to take any such action. For purposes of this Agreement, "Competing Transaction" shall mean any of the following involving the Business: (i) any sale, lease, exchange, mortgage, pledge, transfer or other disposition of a material portion of the assets of the Business in a single transaction or series of transactions; (ii) any acquisition of interests in the Partnership; or (iii) any other investment in the Business by a non-affiliate.

6.7 Interference with Business. Prior to the Closing, Buyer shall not communicate with any customer or supplier of the Business or otherwise interfere with the Business without the prior written consent of Koppers, which shall not be unreasonably withheld or delayed; provided, however, that Koppers shall be entitled to be present and participate in any such approved communication with any customer or supplier.

6.8 Real Estate Matters. Buyer, at its own discretion and sole expense, may order a preliminary title report from a nationally recognized title company (the "Title Company") with respect to the Real Property. Koppers shall, and shall cause the Partnership to use Commercially Reasonable Efforts in cooperating with Buyer and the Title Company in

connection with the compilation, review and examination of title to the Real Property and in connection with Buyer's efforts to obtain a title insurance policy pursuant thereto, including, by providing customary affidavits and other similar instruments are as reasonably and customarily required by the Title Company for (i) issuance of a non-imputation endorsement and (ii) the deletion of any standard or printed exceptions, in any title insurance policy issued pursuant thereto, that are customarily deleted by virtue of a seller delivering such instruments in commercial real estate transactions of a similar nature in the state or province in which the Real Property is located (provided that such affidavits shall be based on the actual knowledge of the signatory). Such cooperation by Koppers and the Partnership shall include providing Buyer and the Title Company copies of, with respect to the Real Property, reasonably requested existing surveys, maps, GIS reports (including GIS-based compartment maps), aerial photographs, existing title reports and title insurance policies and true, correct and complete copies of the encumbrance documents identified therein, to the extent the same are in the possession of Koppers or the Partnership, and to the extent the same are not publicly available, such as due to having been recorded in public real estate records. It being understood that any liability arising pursuant to such customary affidavits described in this Section 6.8 shall be the liability of the Koppers alone, and Buyer shall have no responsibility for such liability.

6.9 Koppers Contracts; Environmental Permits.

(a) Prior to the Closing, Koppers shall assign to the Partnership, and shall cause the Partnership to assume, those Material Contracts designated with the symbol "****" on Section 4.11(a) of the Disclosure Schedule (each Material Contract so designated, an "Assignable Contract").

(b) Prior to the Closing, Koppers and Buyer shall use their respective Commercially Reasonable Efforts to seek to obtain any Approvals required in order for Koppers to assign to the Partnership, and for the Partnership to assume, those Material Contracts designated with the symbol "##" on Section 4.11(a) of the Disclosure Schedule (each Material Contract so designated, an "Approval Contract"). In the event all Approvals required in order for Koppers to assign to the Partnership, and for the Partnership to assume, a particular Approval Contract are actually obtained prior to the Closing, Koppers shall assign to the Partnership, and shall cause the Partnership to assume, that particular Approval Contract. In the event any Approval required in order for Koppers to assign to the Partnership, and for the Partnership to assume, a particular Approval Contract is not obtained prior to Closing (such an Approval Contract, a "Non-Consenting Contract"), then following the Closing (i) Koppers and Buyer shall use their respective Commercially Reasonable Efforts to seek to obtain the Approvals required in order for Koppers to assign, and for the Partnership to assume, such Non-Consenting Contract and (ii) to the extent permissible under the terms of such Non-Consenting Contract, Koppers shall remain a party to such Non-Consenting Contract and shall continue to perform and to accept performance under such contract in consultation with the Limited Liability Company and shall pass through to the Limited Liability Company the benefits and burdens of such Non-Consenting Contract as if the Limited Liability Company were party to such Non-Consenting Contract. The Buyer shall, or shall cause the Limited Liability Company to, reimburse Koppers for all amounts paid and expenses incurred in connection with the performance of its obligations under such Non-Consenting Contract.

(c) Notwithstanding subsection (b) above, the parties agree that in lieu of Koppers seeking to assign to the Partnership the lease schedules covering the Dell Leased Equipment, Koppers may elect to purchase the Dell Leased Equipment and assign such equipment to the Partnership prior to Closing.

(d) Koppers and Buyer shall use their respective Commercially Reasonable Efforts to seek to obtain the Approvals required in order to transfer to Buyer prior to Closing the Environmental Permits or the applications for Environmental Permits, as applicable, listed in Section 4.4 of the Disclosure Schedule.

(e) Unless otherwise requested by the Buyer, Koppers shall use its Commercially Reasonable Efforts to assign to the Buyer or the Partnership as of the Closing the rights (and the Buyer or the Partnership shall assume the corresponding obligations) of Koppers relating to the continued use of the pilot plant referenced in Section 4.9(d) of the Disclosure Schedule. In the event that such rights and obligations cannot be transferred as of the Closing, following the Closing Koppers shall (unless advised by Buyer that Buyer does not want Koppers to) pass to the Limited Liability Company the benefits and burdens of Koppers relating to the continued use of such pilot plant in accordance with the provision in Section 6.9(b) relating to Non-Consenting Contracts.

6.10 Tar Supply Contracts. As promptly as practicable following the date hereof, but in any event at or prior to Closing, each of Koppers and Buyer shall execute and deliver (or shall cause its appropriate affiliate to execute and deliver) the tar supply contracts attached hereto as Exhibits D, E, F and G, respectively.

6.11 Preservation of Rights; Assistance.

(a) Until the Closing, Koppers shall cause the Partnership to use Commercially Reasonable Efforts to preserve intact and defend all of its rights under any coal supply Contracts (including but not limited to those set forth in items 1-6 of Section 4.11(a) of the Disclosure Schedule), and shall keep Buyer fully informed of all material communications (written or oral) with the counterparties thereto.

(b) Following the Closing, Koppers shall (i) use its Commercially Reasonable Efforts to make available to the Buyer and the Limited Liability Company any personnel whose assistance, testimony or presence the Buyer reasonably deems necessary in evaluating, defending or asserting any claim relating to such Contracts, as well as any documents, records and other materials in the possession of Koppers that are reasonably required by the Buyer in connection therewith, and (ii) otherwise cooperate with the Buyer and the Limited Liability Company at Buyer's reasonable request and at Buyer's expense in connection with such matters.

ARTICLE VII
ADDITIONAL CONTINUING COVENANTS

7.1 Post-Closing Access. Each party shall use Commercially Reasonable Efforts to cooperate with the other party to make available to the other party all financial, Tax and other information reasonably required by the other party in connection with (a) any audit of the other party by the other party's outside accountants, or any audit or other investigation by any taxing authority or any required reports or submissions (including any consolidated financial or statutory reporting obligations of Koppers or its Affiliates) to Governmental Entities with respect to the Business and (b) matters relating to insurance coverage of the Business, third-party litigation, claims, proceedings and investigations provided that neither Sellers nor Buyer shall be required to provide the others with Tax Returns. Buyer shall cause such information to be preserved after the Closing Date for the same period of time that Buyer's Affiliates preserve such information with respect to similar assets owned by such Affiliates, and thereafter will dispose thereof only after Buyer shall have given (or caused to be given) Koppers ninety days' prior written notice of such impending disposition and the opportunity (at Koppers' expense) to remove and retain such information. Buyer acknowledges that the Partnership has an obligation to the Sellers similar to the obligation of the Buyer hereunder. Any information obtained pursuant to this Section 7.1 or pursuant to any other section hereof providing for the sharing of information shall be subject to Section 15.2.

7.2 Excluded Intangible Property. Buyer acknowledges and agrees that any rights to ownership or use by the Partnership of the Excluded Intangible Property shall cease upon the Closing. From and after the Closing, Buyer shall, and shall cause the Partnership and the Subsidiaries to, not engage in any use of any such Excluded Intangible Property in connection with any advertising, marketing or solicitation efforts or otherwise.

7.3 Insurance. To the extent that (i) there are any third-party insurance policies maintained by Koppers, or any policies which Koppers became the beneficiary of upon its purchase of the Facility, which, although expired, may continue to provide coverage for prior periods (the "Koppers' Insurance Policies") covering any loss, liability, damage or expense relating to the assets, business, operations, conduct, products and employees (including former employees) of, and any aspect of the Business at, the Facility relating to or arising out of occurrences prior to the Closing (and such loss, liability, damage or expense, a "Facilities Liability") and (ii) the Koppers' Insurance Policies continue to permit claims after the Closing to be made with respect to such Facility Liabilities, Koppers agrees to cooperate with the Buyer in submitting, and to submit any such claims on behalf of the Buyer or the Facility under the Koppers' Insurance Policies with respect to such Facility Liabilities. To the extent Koppers' actually receives a cash payment under a Koppers' Insurance Policy with respect to a Facilities Liability, Koppers agrees to pay over to Buyer the amount of such cash payment, less the amount of any loss recognized by Koppers prior to the Closing with respect to such Facilities Liability.

**ARTICLE VIII
GENERAL CONDITIONS TO CLOSE**

The obligations of the parties to effect the Closing shall be subject to the following conditions:

8.1 No Orders; Legal Proceedings. No Law or Order shall have been enacted, entered, issued, promulgated or enforced by any Governmental Entity, nor shall any Action have been instituted and remain pending by any Governmental Entity on what would otherwise be the Closing Date, which prohibits or restricts or would (if successful) prohibit or restrict the transactions contemplated by this Agreement.

8.2 Regulatory Filings. Any applicable waiting period under the HSR Act and any other Laws requiring filings with any Governmental Entity as provided in Section 6.3(b) shall have expired or been terminated.

8.3 Union Matters. Buyer shall have either (i) recognized the Union and assumed in writing the Union Contract and delivered to Koppers signed copies of such assumption or (ii) entered into a new contract with the Union which replaces the Union Contract effective as of the Closing Date (the "New Union Contract") and delivered to Koppers signed copies of the New Union Contract.

**ARTICLE IX
CONDITIONS TO OBLIGATIONS OF BUYER**

The obligations of Buyer to effect the Closing shall be subject to the following conditions except to the extent waived in writing by Buyer:

9.1 Representations and Warranties and Covenants of Sellers. The obligation of Buyer to consummate the transactions contemplated by this Agreement is subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by Buyer in whole or in part to the extent permitted by applicable Law):

(a) The representations and warranties of Sellers set forth in this Agreement qualified as to materiality shall be true and correct, and those not so qualified shall be true and correct in all material respects, when made and at and as of the Closing Date as though made on the Closing Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties qualified as to materiality shall be true and correct, and those not so qualified shall be true and correct in all material respects, on and as of such earlier date); and

(b) Each Seller and the Partnership shall have performed and complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by such Seller and the Partnership, respectively, on or prior to the Closing Date.

(c) Each Seller shall deliver to the Buyer a duly executed certificate stating that such Seller is not a foreign person within the meaning set forth in Treasury Regulation Section 1.1445-2(b)(2)(iv). If such certificate is not delivered to the Buyer by a Seller, the Buyer shall be entitled to withhold 10% of amounts otherwise payable to such Seller.

(d) Koppers shall have assigned to the Partnership, and the Partnership shall have assumed, the Assignable Contracts.

(e) The Partnership shall have been converted to the Limited Liability Company pursuant to Section 18-214 of the Limited Liability Company Act of the State of Delaware.

(f) Koppers and the Buyer shall have entered into a transitional services agreement with respect to those services described on Schedule 9.1(f) to be provided on a transitional basis by Koppers to the Limited Liability Company following the Closing for the period identified on such schedule and on such other customary terms mutually agreeable to the parties.

Notwithstanding anything in this Agreement to the contrary, the parties agree that the matters described Sections 4.9(d) and 4.11(b) of the Disclosure Schedule shall not give rise to or otherwise form the basis upon which Buyer relieved of its obligation under this Agreement to effect the Closing.

9.2 Closing Documents. Each of the Sellers shall have delivered the Assignment and all of the resolutions, certificates, documents and instruments required by each Seller or the Partnership by this Agreement on or prior to the Closing.

9.3 Approvals and Permits.

(a) Buyer shall have either entered into a new Consent Order and Agreement with PADEP or executed an assignment and assumption agreement approved by PADEP with respect to the PADEP Consent Order, in either case with terms and conditions substantially the same as those in the PADEP Consent Order.

(b) All requisite approvals or authorizations required from any Governmental Entity for the consummation of the transactions herein shall have been duly obtained and all applicable mandatory waiting periods shall have expired or otherwise terminated.

(c) All requisite Approvals shall have been obtained with respect to the items set forth in Section 4.4 of the Disclosure Schedule; provided, however, that (i) the receipt of any Approvals required in order for Koppers to assign to the Partnership, and for the Partnership to assume, any of the Approval Contracts shall not constitute a condition to Buyer's obligation to consummate the transactions contemplated by this Agreement and (ii) with respect to any Approvals required in connection with the transfer of the Environmental Permits set forth in item 8 of Section 4.4 of the Disclosure Schedule, the obligation of Buyer to consummate the transactions contemplated by this Agreement shall be subject only to the condition that Buyer shall have received reasonably satisfactory assurances from the relevant Governmental Entity indicating that it will not object to the transfer of such Environmental Permit in connection with the transactions contemplated hereby.

9.4 Release of Liens. All Encumbrances on the assets of the Partnership arising under Koppers' senior secured credit facility shall have been released.

**ARTICLE X
CONDITIONS TO OBLIGATIONS OF SELLERS**

The obligations of Sellers to effect the Closing shall be subject to the following conditions, except to the extent waived in writing by Sellers:

10.1 Representations and Warranties and Covenants of Buyer. The obligations of Sellers to consummate the transactions contemplated by this Agreement are subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by Sellers in whole or in part to the extent permitted by applicable Law):

(a) The representations and warranties of Buyer set forth in this Agreement qualified as to materiality shall be true and correct, and those not so qualified shall be true and correct in all material respects, when made and at and as of the Closing Date as though made on the Closing Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties qualified as to materiality shall be true and correct, and those not so qualified shall be true and correct in all material respects, on and as of such earlier date); and

(b) Buyer shall have performed and complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by each Buyer on or prior to the Closing Date.

10.2 Closing Documents. Buyer shall have delivered all of the resolutions, certificates, documents and instruments required of it by this Agreement on or prior to the Closing.

**ARTICLE XI
TERMINATION OF OBLIGATIONS; SURVIVAL**

11.1 Termination of Agreement. Anything herein to the contrary notwithstanding, this Agreement and the transactions contemplated by this Agreement shall automatically terminate, without any notice, demand or action by either party, if the Closing does not occur on or before the close of business on September 30, 2008 unless extended by mutual consent in writing by Buyer and Koppers and otherwise may be terminated at any time before the Closing as follows and in no other manner:

(a) Mutual Consent. By mutual consent in writing by Buyer and Koppers.

(b) Conditions to Buyer's Performance Not Met. By Buyer by written notice to Koppers if any event occurs or condition exists which would render impossible the satisfaction of one or more conditions to the obligations of Buyer to consummate the transactions contemplated by this Agreement as set forth in Articles VIII or IX.

(c) Conditions to Sellers' Performance Not Met. By Koppers by written notice to Buyer if any event occurs or condition exists which would render impossible the satisfaction of one or more conditions to the obligation of Sellers to consummate the transactions contemplated by this Agreement as set forth in Articles VIII or X.

(d) Material Breach. By Buyer or Koppers if there has been a material misrepresentation or other material breach by the other party in its representations, warranties and covenants set forth herein; provided, however, that the breaching party shall have ten business days after receipt of notice from the other party of its intention to terminate this Agreement if such breach continues, in which to cure such breach. For the avoidance of doubt, the parties agree that matters described Sections 4.9(d) and 4.11(b) of the Disclosure Schedule shall not give rise to or otherwise form a basis upon which Buyer may terminate this Agreement under this Section 11.1.

(e) Change in Law. By either Koppers or Buyer if there shall be any change in any Law that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited.

(f) Governmental Action. By Buyer or Koppers, if any court or Governmental Entity of competent jurisdiction in the United States shall have issued an Order or taken any other action, permanently prohibiting the transactions contemplated by this Agreement, and such Order shall have become final and non-appealable.

The party desiring to terminate this Agreement shall give notice of such termination to the other party.

11.2 Effect of Termination. In the event that this Agreement shall be terminated pursuant to Section 11.1, all further obligations of the parties under this Agreement shall terminate; provided that the obligations of the parties contained in Sections 15.2, 16.13, 16.14 and 16.15 shall survive any such termination, and that a termination under Section 11.1 shall not relieve either party of any liability for a breach of, or for any misrepresentation under this Agreement, or be deemed to constitute a waiver of any available remedy (including specific performance, if available) for any such breach or misrepresentation.

ARTICLE XII INDEMNIFICATION

12.1 Obligations of Koppers. Subject to the provisions of Sections 12.5 and 12.7, from and after the Closing, Koppers agrees to indemnify and hold harmless Buyer and its officers, directors, agents and Affiliates from and against any and all Losses, as a result of, or based upon or arising from, directly or indirectly:

(a) any inaccuracy in or breach of any of the representations or warranties made by Koppers in this Agreement (which for the purpose of determining Losses for indemnification purposes shall exclude any representation and warranties made exclusively by CI in this Agreement); and

(b) any breach or nonperformance of any of the other covenants and agreements made by Koppers in this Agreement other than any breach or nonperformance which has been waived by Buyer in writing.

(c) any Action or Order under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, to the extent arising from or relating to hazardous substances generated by the Business or arranged for treatment or disposal by the Partnership prior to or as of the Closing;

(d) the Koppers Litigation; and

(e) the complaint described in item 5 of Section 4.17(b) of the Disclosure Schedule.

12.2 Obligations of CI. Subject to the provisions of Sections 12.5 and 12.7, from and after the Closing, CI agrees to indemnify and hold harmless Buyer and its officers, directors, agents and Affiliates from and against any and all Losses as a result of, or based upon or arising from, directly or indirectly:

(a) any inaccuracy in or breach of any of the representations or warranties made by CI in Sections 4.2(b), 4.4(b), 4.4(d) and 4.7(b) of this Agreement (which for the purpose of determining Losses for indemnification purposes shall exclude any representation and warranties made exclusively by Koppers in this Agreement); and

(b) any breach or nonperformance of any of the other covenants and agreements made by CI in this Agreement other than any breach or nonperformance which has been waived by Buyer in writing.

12.3 Obligations of Buyer. Subject to the provisions of Section 12.5, from and after the Closing, Buyer agrees to indemnify and hold harmless Sellers and their respective officers, directors, agents and Affiliates from and against any and all Losses as a result of, or based upon or arising from, directly or indirectly:

(a) any inaccuracy in or breach of any of the representations or warranties made by Buyer in this Agreement;

(b) any breach or nonperformance of any of the other covenants and agreements made by Buyer in this Agreement other than any breach or nonperformance which has been waived by Koppers in writing; and

(c) the Conversion.

12.4 Procedure.

(a) Notice. Written notice to the Indemnifying Party of the existence of a third-party claim shall be given by the Indemnified Party within fifteen days after its receipt of a written assertion of liability from the third party. The Indemnified Party shall not be foreclosed by any failure to provide timely notice of the existence of a third party claim to the Indemnifying Party, except to the extent that the Indemnifying Party has been materially prejudiced as a direct result of such delay.

(b) Defense. The Indemnifying Party shall be entitled to assume the defense and control of any Indemnifiable Claim with experienced counsel reasonably satisfactory to the Indemnified Party; provided, however that if in the reasonable opinion of counsel for the Indemnified Party, there is an actual conflict of interest between the Indemnified Party and the Indemnifying Party, the Indemnifying Party shall withdraw from the defense of such Indemnifiable Claim. In the event the Indemnifying Party assumes the defense of any Indemnifiable Claim, it shall promptly notify the Indemnified Party of its intention to do so, provided such notice includes an acknowledgement that the claim is an Indemnifiable Claim under the terms of this Agreement. If the Indemnifying Party does not assume such defense, the Indemnified Party may retain counsel to assume such defense and may compromise or settle the claim on behalf of and for the account and risk of the Indemnifying Party, who shall be responsible for the reasonable fees and expenses of such counsel and shall be bound by the result of such compromise or settlement.

(c) Settlement Limitations. Notwithstanding anything in this Section 12.4 to the contrary, the Indemnifying Party shall not, without the written consent of the Indemnified Party, settle or compromise any Indemnifiable Claim or permit a default or consent to entry of any judgment unless the claimant and the Indemnifying Party provide to the Indemnified Party an unqualified release from all liability in respect of the claim. Notwithstanding the foregoing, if a settlement offer solely for money damages is made by the applicable third party claimant, and the Indemnifying Party notifies the Indemnified Party in writing of the Indemnifying Party's willingness to accept the settlement offer and pay the amount called for by such offer, and the Indemnified Party declines to accept such offer, the Indemnified Party may continue to contest such claim, free of any participation by the Indemnifying Party, and the amount of any ultimate liability with respect to such Indemnifiable Claim that the Indemnifying Party has an obligation to pay hereunder shall be limited to the lesser of (i) the amount of the settlement offer that the Indemnified Party declined to accept or (ii) the aggregate Losses of the Indemnified Party with respect to such claim. If the Indemnifying Party makes any payment on any claim, the Indemnifying Party shall be subrogated, to the extent of such payment, to all rights and remedies of the Indemnified Party to any insurance benefits or other claims of the Indemnified Party with respect to such claim.

12.5 Limitations on Indemnification.

(a) Any Indemnifiable Claim shall be limited to the amount of actual damages sustained by the Indemnified Party by reason of a breach or nonperformance by the Indemnifying Party, less (i) any Tax benefits by the Indemnified Party based on the present value thereof, discounted at the Agreed Rate as of the time of such claim, by reason of such Losses and (ii) the dollar amount of any insurance proceeds paid to the Indemnified Party with respect to such Losses; provided, that payment of such Indemnifiable Claim shall not be withheld pending resolution or final payment with respect to any such insurance proceeds; and provided further, that any insurance proceeds paid to the Indemnified Party with respect to Losses for which the Indemnified Party has previously received payment pursuant to this Article XII shall be promptly delivered to the Indemnifying Party.

(b) Except in the case of breaches of the representations and warranties in Sections 4.1, 4.2(a), 4.4(a) and 4.4(c)(i), Koppers shall not be required to indemnify Buyer under Section 12.1 unless the amount of the claim for Losses exceeds \$100,000 per individual claim or series of related claims arising from the same set of facts or circumstances (the "Per Claim Amount") and unless the aggregate amount of all claims for which indemnity would otherwise be payable by Koppers to Buyer under Section 12.1 exceeds \$1,000,000 (the "Deductible Amount"), and, in such event, Koppers shall be responsible only for the amount in excess of the Deductible Amount. Except in the case of breaches of the representations and warranties in Sections 4.2(b) and 4.4(b), CI shall not be required to indemnify Buyer under Section 12.2 unless the amount of the claim for Losses exceeds the Per Claim Amount and unless the aggregate amount of all claims for which indemnity would otherwise be payable by CI to Buyer under Section 12.2 exceeds the Deductible Amount, and, in such event, CI shall be responsible only for the amount in excess of the Deductible Amount. Notwithstanding any provision of this Agreement to the contrary, but subject only to Section 12.5(c) below, Koppers' indemnity obligations under Section 12.1 shall be limited, in the aggregate, to ten percent (10%) of the Koppers Purchase Price.

(c) With respect to any breaches or inaccuracies of the representations and warranties in Sections 4.1, 4.2(a), 4.4(a), 4.4(c)(i) and 4.7(a), the maximum aggregate liability of Koppers will equal the amount of the Koppers Purchase Price and with respect to any indemnity obligation of Koppers pursuant to Section 12.1(d), the Per Claim Amount, Deductible Amount and aggregate liability limitation set forth in Section 12.5(b) shall not apply. With respect to any breaches or inaccuracies of the representations and warranties in Sections 4.2(b), 4.4(b), 4.4(d) and 4.7(b), the maximum aggregate liability of CI will equal the amount of the CI Purchase Price.

(d) Buyer shall not be required to indemnify Sellers under Section 12.3 unless with respect to any such claim the amount thereof shall exceed the Per Claim Amount and the aggregate of all amounts for which indemnity would otherwise be payable by Buyer in respect of all such claims by Sellers exceeds the Deductible Amount, and in such event, Buyer shall be responsible only for the amount in excess of the Deductible Amount.

(e) For the avoidance of doubt, the parties acknowledge and agree that the matters described Sections 4.9(d) and 4.11(b) of the Disclosure Schedule shall not give rise to or otherwise form a basis upon which Buyer may seek indemnification under this Agreement.

12.6 Survival of Obligations. The representations and warranties made by Koppers in Sections 4.2(a) and 4.4(a) and the representations and warranties made by CI in Sections 4.2(b) and 4.4(b) shall survive indefinitely. All other representations and warranties of Sellers

made in this Agreement or in any exhibit, schedule, or the Supply Contract shall survive any investigation made by any party hereto and the Closing of the transactions contemplated hereby until the eighteen (18) month anniversary of the Closing Date; provided, however, that the representations and warranties in Section 4.16 shall survive until thirty (30) days after the expiration of the applicable statute of limitations. No party will be liable to another under any warranty or representation after the applicable expiration of such warranty or representation; provided, however, that if a claim or notice is given under this Article XII with respect to any representation or warranty prior to the applicable expiration date, such claim may be pursued to resolution notwithstanding expiration of the representation or warranty under which the claim was brought.

12.7 Tax Treatment. All payments made pursuant to this Article XII and Article XIII shall be treated as an adjustment to the Purchase Price for all tax purposes. If, contrary to the intent of the parties expressed above, any payment made pursuant to this Article XII or Article XIII is treated as taxable income of the Indemnified Party, then the payor shall indemnify and hold harmless the Indemnified Party from any liability for Taxes attributable to the receipt of such payment, net of any off-setting tax benefit to the Indemnified Party pursuant to Section 12.5(a).

12.8 Remedies Exclusive. The remedies provided for in this Article XII, as limited by the limitations set forth in this Article XII, shall constitute the sole and exclusive remedies for any post-Closing claims made for breach of this Agreement or in connection with the transactions contemplated hereby. Each party hereby waives any provision of Law to the extent that it would limit or restrict the agreement contained in this Section 12.8. Notwithstanding anything to the contrary elsewhere herein, no party or its Affiliates shall seek or be liable, whether under this Article XII or otherwise, for any special, incidental, punitive or consequential damages, including, but not limited to, loss of profits, revenue or income, or loss of business reputation or opportunity relating to any breach or alleged breach of this Agreement.

ARTICLE XIII TAX MATTERS

13.1 Tax Covenants.

(a) For purposes of calculating the amount of fuel sales which qualify for tax credits under Section 45K of the Code, Sellers shall be entitled to the benefit of tax credits generated in respect of sales made through the end of the business day on the Closing Date.

(b) Buyer covenants that it will not cause or permit any of their Affiliates to make or change any Tax election, amend any Tax Return or take any Tax position on any Tax Return, take any action, omit to take any action or enter into any transaction that results in any increased Tax liability or reduction of any Tax asset of Sellers or the Partnership in respect to any Tax period including the Closing Date or ending on or before the close of business on the Closing Date.

13.2 Allocation. Within one hundred twenty (120) days after the Closing Date, Buyer will prepare and deliver to Sellers a draft allocation of the Adjusted Purchase Price (and all other capitalized costs) among the assets of the Partnership (the “Draft Purchase Price Allocation”). Buyer will prepare the Draft Purchase Price Allocation in accordance with Code Section 1060 and the Treasury regulations thereunder (and any similar provision of state, local or foreign law, as appropriate). Each party shall timely and properly prepare, execute, file and deliver all such documents, forms and other information as the other party may reasonably request to prepare the Draft Purchase Price Allocation. Any objection by Sellers, and the resolution of any dispute between the parties, regarding the Draft Purchase Price Allocation shall be resolved in accordance with the procedures outlined in Section 2.3 above. The “Purchase Price Allocation” shall mean the Draft Purchase Price Allocation together with any revisions thereto pursuant to this Section 13.2. Buyer and Sellers and their respective Affiliates, if any, shall report, act and file Tax Returns (including, but not limited to Internal Revenue Service form 8594) in all respects and for all purposes consistent with such Purchase Price Allocation. Neither Buyer nor Sellers shall take any position (whether in audits, tax returns or otherwise) that is inconsistent with such Purchase Price Allocation unless required to do so by applicable Law.

13.3 Returns and Reports and Payment of Taxes. Koppers shall file or cause to be filed when due all Tax Returns with respect to Taxes that are required to be filed by or with respect to the Partnership for taxable years or periods ending on or before the Closing Date, and Sellers shall pay any Taxes due in respect of such Tax Returns. Buyer shall file or cause to be filed when due all Tax Returns with respect to Taxes that are required to be filed by or with respect to the Partnership for taxable years or periods ending after the Closing Date and shall pay any Taxes due in respect of such Tax Returns, other than Taxes that are the responsibility of Koppers under Section 13.4 below.

13.4 Allocation of Tax Liability. The Sellers shall be responsible for, and shall indemnify Buyer for (i) any and all Taxes levied or imposed on the Partnership for any period ending prior to or on the Closing Date, including the portion of any Straddle Period ending on the Closing Date and (ii) all Taxes of any member of an affiliated, consolidated, combined or unitary group of the LLC (or any of its predecessors) that is or was a member on or prior to the Closing Date, pursuant to Treas. Reg. 1.1502-6 or any analogous or similar provision of state, local or foreign Law. The portion of any Taxes that are payable with respect to a Straddle Period that are allocable to the portion of the Straddle Period ending on the Closing Date shall, (i) in the case of Taxes that are either (x) based upon or related to income, receipts or shareholders’ equity or (y) imposed in connection with any sale, transfer or assignment or any deemed sale, transfer or assignment of property (real or personal, tangible or intangible) be deemed equal to the amount payable if the Tax year ended on the Closing Date and (ii) in the case of Taxes (other than those described above in clause (i)) imposed on a periodic basis or otherwise measured by the level of any item, be deemed to be the amount of such Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of calendar days in the portion of the Straddle Period ending on the Closing Date and the denominator of which is the number of calendar days in the entire Straddle Period. Notwithstanding anything to the contrary in this Section 13.4, Buyer, on the one hand, and Sellers, on the other hand, shall each be responsible for one-half of any applicable real estate transfer taxes payable as a result of the Closing.

13.5 Refunds. Any refunds (including interest thereon) of Taxes paid by Sellers shall be for the account of Sellers. Any refunds (including interest thereon) of Taxes paid by Buyer shall be for the account of Buyer. Buyer agrees to assign and promptly remit to Sellers all refunds (including interest thereon) of Taxes which Sellers are entitled to hereunder and which are received by Buyer or any Affiliate of Buyer. Sellers agree to assign and promptly remit to Buyer all refunds (including interest thereon) of Taxes which Buyer is entitled to hereunder and which are received by Sellers or any of their Affiliates.

13.6 Survival. Notwithstanding anything in this Agreement to the contrary, the provisions of this Article XIII shall survive through the expiration of the applicable statute of limitations as the same may be extended.

ARTICLE XIV EMPLOYEE MATTERS

14.1 Union Contract; Initial Employment of Transferred Employees.

(a) From the date of this Agreement until the Closing, Buyer, with the co-operation of Koppers, shall engage in discussions and negotiations with the Union as are necessary to enable Buyer to satisfy the condition to closing set forth in Section 8.4 of this Agreement.

(b) Buyer shall (or shall cause the Partnership or another subsidiary of Buyer to) offer continued employment on and after the Closing to all Employees (including Employees who are on approved leaves of absence on the Closing Date, such as short-term disability or sick leave, military leave, workers' compensation leave or FMLA leave), other than Employees who are absent from employment due to long-term disability entitling such Employees to long-term disability benefits under an applicable Koppers Benefit Plan. An offer of "continued employment" for Union Employees shall mean an offer of continued employment under the terms and conditions set forth in the Union Contract or the New Union Contract, as applicable, and for Non-Union Employees shall mean an offer of continued employment on terms that, in the aggregate, are comparable to the terms of employment applicable to the Employee on the day prior to the Closing Date. Employees who are offered continued employment with Buyer and who accept such offer and actually commence employment with Buyer on or after the Closing Date are hereinafter referred to as "Transferred Employees." Without limiting the foregoing, Buyer shall provide Non-Union Employees who become Transferred Employees, for a minimum of twelve (12) months following the Closing Date, base salary, incentive compensation; and health, welfare and retirement benefit opportunities which, in the aggregate, are reasonably similar to those provided to such Employees immediately prior to the transfer.

14.2 Employee Benefits.

(a) Benefits provided or accruing with respect to Transferred Employees under Koppers Benefit Plans shall cease on the Closing Date.

(b) Effective immediately following the Closing, the Transferred Employees shall be eligible to participate in Buyer's Retirement Plan and in each Buyer welfare and/or fringe benefit plan, fund, program and/or arrangement, including severance, stock option and incentive compensation plans, being provided to similarly situated employees of Buyer (collectively, the "Buyer Benefit Plans") in accordance with their terms and, for purposes of eligibility for participation and vesting within Buyer Benefit Plans, Transferred Employees shall receive credit for their service with Koppers to the same extent such service was recognized under the corresponding Koppers' Benefit Plans. For purposes of any Buyer Benefit Plan which is a employee welfare benefit plan, a Transferred Employee (and his or her dependents, if applicable) shall be immediately eligible to participate as of the Closing Date without regard to any otherwise applicable waiting period and without any exclusion from coverage for any preexisting condition, to the extent such employee and his or her dependents satisfied, immediately prior to the Closing Date, the applicable waiting periods and exclusions from coverage for preexisting conditions in the comparable Koppers' Benefit Plan in which such Transferred Employee and his or her dependents participated immediately prior to the Closing Date. Transferred Employees shall receive credit under Buyer Benefit Plans for any deductibles, copayments or other out-of-pocket expenses paid by the Transferred Employees for the current plan year.

(c) On and after the Closing Date, Transferred Employees shall be entitled to receive those benefits, if any, from Koppers' Benefit Plans which are provided to similarly situated terminated employees in accordance with the terms of such plans. Buyer shall permit Transferred Employees to make direct rollovers of their account balances (including any outstanding participant loans) under the Employee Savings Plan of Koppers Inc. and Subsidiaries and the Koppers Inc. Savings Plan for Union Hourly Employees to the comparable plan, if any, included in Buyer Benefit Plans, subject to the Transferred Employee's execution and delivery of such documents as are reasonably and customarily required by the administrator of such Buyer's plan.

14.3 COBRA, Disability and Workers Compensation Liabilities. Koppers shall be responsible for (i) claims for workers compensation or for the type of benefits described in Section 3(1) of ERISA (whether or not covered by ERISA) that are incurred on or prior to the Closing Date by Transferred Employees (provided, that Buyer shall cooperate with Koppers in making available to Transferred Employees on workers' compensation leave on the Closing Date light duty positions or opportunities in order to facilitate their return to work with the Buyer), and (ii) claims relating to continuation coverage required under Section 4980 of the Code, Part 6 of Title I of ERISA or applicable state law ("COBRA") attributable to "qualifying events" occurring on or prior to the Closing Date with respect to any individual, including Transferred Employees and their beneficiaries and dependents. Buyer shall be responsible for (i) disability benefits and workers compensation benefits for Transferred Employees for claims incurred after the Closing Date, and (ii) claims relating to COBRA coverage attributable to "qualifying events" occurring after the Closing Date with respect to Transferred Employees and their beneficiaries and dependents. For purposes of the foregoing, a medical/dental claim shall be considered incurred when the medical services are rendered or medical supplies are provided, and not when the condition arose; provided that claims relating to a hospital confinement that commences on or prior to the Closing Date but continues thereafter shall be treated as incurred on or prior to the Closing Date. A disability shall be considered incurred on or prior to the Closing Date if the injury or condition giving rise to the claim occurs on or prior to the Closing Date. A workers' compensation claim shall be considered incurred on or prior to the Closing Date if the compensable injury occurred, and the individual ceased being able to work as a result of such injury, on or prior to the Closing Date.

14.4 Assumption of Benefit Liability. Except as expressly assumed by Buyer under this Agreement, Koppers shall retain any and all liability for, and Koppers acknowledges that Buyer shall have no obligation or responsibility for any, liabilities or obligations arising with respect to any Employee's employment with Koppers. Buyer and its Affiliates shall assume and become responsible for the liabilities and other obligations with respect to the Transferred Employees solely with respect to (a) the participation in or accrual of benefits or compensation under the Retirement Plan, subject to the transfer to Buyer and its Affiliates by Koppers, the Koppers trustee and/or the Retirement Plan, as applicable, of all amounts required pursuant to Section 14.5, the obligation to pay retiree medical and/or retiree life benefits to the Transferred Employees, to the extent applicable, and the obligation to pay retirement bonuses to Union Employees who become Transferred Employees and who retire after the Closing Date under the Union Contract or the New Union Contract (as applicable), (b) accrued but unpaid or unfunded salaries, wages, bonuses, incentive compensation, vacation or sick pay, other compensation or payroll items (including, without limitation, deferred compensation), and (c) any liabilities or obligations arising with respect to the Transferred Employees' employment with Buyer.

14.5 Retirement Plan Matters.

(a) Prior to the Closing Date, Buyer shall establish a new defined benefit plan which mirrors the terms of the Retirement Plan (or amend an existing plan to include provisions that mirror the terms of the Retirement Plan) for the benefit of the Transferred Employees (the "Buyer Retirement Plan") and a trust account to hold assets related to the Buyer Retirement Plan that meets applicable ERISA requirements (the "Buyer Plan Trust"). Effective as soon as administratively practicable following the Closing, Koppers shall cause the trustee of the Retirement Plan to transfer to the Buyer Plan Trust an amount of cash equal to 70% of the estimated value of the assets of the Retirement Plan that are transferrable in connection with the estimated liability of the Retirement Plan with respect to the Transferred Employees, as determined by the Retirement Plan's actuary (the "Initial Transferred Plan Assets"); provided, however, that such transfer shall be contingent upon Buyer providing Koppers with a copy of the plan's most recent favorable determination letter relating to the Buyer Retirement Plan and the Buyer Plan Trust, and contingent upon Koppers providing Buyer with a copy of the plan's most recent favorable determination letter relating to the Retirement Plan and the trust associated with the Retirement Plan.

(b) Following the Closing, Koppers shall cause the Retirement Plan's actuary (the "Koppers Actuary") to (i) determine in accordance with Code Section 414(l) and ERISA Section 4044 the actual value of the liability of the Retirement Plan with respect to the Transferred Employees as of Closing Date (the "Assumed Retirement Liabilities") and the value of the assets of the Retirement Plan allocable to the Assumed Retirement Liabilities (the "Asset Transfer Amount") and (ii) provide a certification of its determination to Koppers and Buyer within 60 business days following the Closing. Buyer may submit, at Buyer's cost and expense, the determination of Koppers Actuary to an actuary appointed by the Buyer (the

“Buyer Actuary”) for verification. Koppers shall cause Koppers Actuary to promptly provide to the Buyer Actuary information requested by Buyer Actuary and used in making the determination certified by Koppers Actuary. In the event that the Buyer Actuary determines that the Asset Transfer Amount differs from the amount determined by Koppers Actuary, Koppers and Buyer shall cause Koppers Actuary and Buyer Actuary to cooperate in good faith to reconcile any difference. If Koppers Actuary and Buyer Actuary fail to reconcile such difference within 90 business days following the Closing and (A) the Buyer Actuary’s calculation of the Revised Retirement Plan Transfer Amount is within two percent (2%) of the Koppers Actuary’s calculation, the average of the amount calculated by the Koppers’ Actuary and the amount calculated by the Buyer Actuary shall be used; or (B) the difference between the Buyer Actuary’s calculation and the Koppers Actuary’s calculation of the Revised Retirement Plan Transfer Amount exceeds two percent (2%), the Koppers Actuary and the Buyer Actuary shall jointly designate a third, independent actuary whose calculation of the value, as of the Closing Date, of the Asset Transfer Amount shall be final and binding in the absence of fraud or manifest error. The fees and expenses incurred in connection with the retention of such independent actuary shall be allocated between Koppers and the Buyer such that the amount of the fees and expenses paid by Buyer bears the same proportion to the total amount of fees and expenses that the aggregate dollar amount unsuccessfully disputed by Buyer bears to the total dollar amount of the disputed items that were submitted for resolution where such total amount of disputed items is equal to the difference between the Asset Transfer Amount as estimated by Buyer’s Actuary and the Asset Transfer Amount as determined by Koppers Actuary, and Koppers shall pay the balance. The final, verified value, as of the Closing Date, of the assets as determined in accordance with this Section 14.5(b) shall be referred to herein as the “Final Asset Transfer Amount.”

(c) Within 5 business days after the Final Asset Transfer Amount is determined, Koppers shall cause its trustee to transfer to the Buyer Plan Trust the difference (if any) in cash between the Final Asset Transfer Amount and the Initial Transferred Plan Assets plus the sum of (i) the difference between the Final Asset Transfer Amount and the Initial Transferred Plan Assets multiplied by the time-weighted rate of return (positive or negative), net of expenses, on the assets in the Retirement Plan from the Closing Date and ending on the last day of the month immediately preceding the date of transfer under this Section 14.5(c) and (ii) interest on such difference for the month during which the date of transfer occurs, at the Agreed Rate (the amount so adjusted, the “True-Up Amount”). Buyer and Koppers agree that the transfer of assets and liabilities hereunder shall comply with Sections 401(a)(12), 414(l), and 411(d) (6) of the Code and the underlying regulations. If the sum of the Final Asset Transfer Amount and the True-Up Amount as modified to reflect any adjustment pursuant to the immediately preceding sentence is less than the Initial Transferred Plan Assets, then Buyer shall cause the trustee of the Buyer Plan Trust to transfer the difference to the trustee of the Retirement Plan in cash within 5 days after the Final Asset Transfer Amount is determined. In the event the amount to be transferred to the Buyer Plan Trust or the trust for the Retirement Plan (as applicable) is limited by the trustee of the transferring plan or otherwise, Koppers or Buyer (as applicable) shall pay in cash the excess of the amount required to be transferred under this Section 14.5 over the amount actually transferred by the applicable trustee.

14.6 Retiree Medical. Following the Closing Date, Buyer shall permit each Transferred Employee to participate in the Buyer's retiree medical plan to the extent such Transferred Employee participated in the Retiree Medical Plan prior to the Closing Date. Buyer shall maintain such comparable benefits for a minimum of twelve (12) months following the Closing Date.

14.7 Retiree Life. Following the Closing Date, Buyer shall provide retiree life insurance benefits on the terms required by the Union Contract or the New Union Contract for the benefit of Transferred Employees who are Union Employees, and shall permit each Transferred Employee who is a Non-Union Employee to participate in Buyer's retiree life insurance plan to the extent such Transferred Employee participated in the Retiree Life Plan prior to the Closing Date. Buyer shall maintain such comparable benefits for a minimum of twelve (12) months following the Closing Date.

14.8 Modification and Amendment. Nothing herein is intended to amend or modify any Employee Benefit Plan sponsored by Koppers or the Buyer or prevent Koppers or the Buyer from amending, modifying or terminating any Employee Benefit Plan at any time provided that this Section 14.8 does not affect Buyer's obligation to provide comparable benefits to the extent set forth in Article XIV. In addition, nothing herein shall limit the right of Buyer or any of its subsidiaries to terminate the employment of any Transferred Employee.

ARTICLE XV PUBLICITY/CONFIDENTIALITY

15.1 Publicity and Reports. Koppers and Buyer shall coordinate all publicity relating to the transactions contemplated by this Agreement, and neither party shall issue any press release, publicity statement or other public notice relating to the transfer of the Business, the identity of Buyer or the Purchase Price (or any component thereof) hereunder without consulting with the other party, except that neither party shall be precluded from making such filings or giving such notices as may be required by Law or the rules of any stock exchange.

15.2 Confidentiality. All information disclosed by either party or its representatives, whether before or after the date hereof, in connection with the transactions contemplated by, or the discussions and negotiations preceding this Agreement to the other party or its representatives shall be kept confidential by any such other Person and shall not be used by any such Persons other than as contemplated by this Agreement, except to the extent that such information (a) was known by the recipient when received, (b) is or hereafter becomes obtainable from other sources other than by breach of Law or any Contract, (c) is necessary or appropriate to disclose to a Governmental Entity having jurisdiction over the parties, (d) is otherwise required to be disclosed by Law or (e) is otherwise disclosed after confidentiality is waived in writing by the other party. If this Agreement is terminated in accordance with its terms, each party shall return all documents and reproductions thereof received by it or its representatives from the other parties and, in the case of reproductions, all such reproductions made by the receiving party that include information not within the exceptions contained in the first sentence of this Section 15.2, unless the recipients provide assurances satisfactory to the requesting party that such documents have been destroyed.

ARTICLE XVI
GENERAL

16.1 Amendments; Waivers. This Agreement and any schedule or exhibit attached hereto may be amended only by agreement in writing by Sellers, on one hand, and Buyer, on the other hand. No waiver of any provision nor consent to any exception to the terms of this Agreement shall be effective unless in writing and signed by the party to be bound and then only to the specific purpose, extent and instance so provided.

16.2 Exhibits and Schedules; Integration. Each exhibit and schedule delivered pursuant to the terms of this Agreement shall be in writing and shall constitute a part of this Agreement, although such exhibits and schedules need not be attached to each copy of this Agreement. This Agreement, together with such exhibits and schedules, constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements and understandings of the parties in connection therewith except that the terms of the Confidentiality Agreement, between Koppers and ArcelorMittal S.A., dated as of April 16, 2008, as supplemented by that certain Addendum to Confidentiality Agreement dated as of July 4, 2008, shall remain in full force and effect unless and until the Closing shall occur.

16.3 Efforts. Each party will use its Commercially Reasonable Efforts to cause all conditions to its obligations hereunder to be timely satisfied, to the end that the transactions contemplated by this Agreement shall be effected substantially in accordance with its terms as soon as reasonably practicable.

16.4 Governing Law. This Agreement, the legal relations between the parties and any Action, whether contractual or non-contractual, instituted by any party with respect to matters arising under or growing out of or in connection with or in respect of this Agreement shall be governed by and construed in accordance with the Laws of the Commonwealth of Pennsylvania applicable to contracts made and performed in such state and without regard to conflicts of law doctrines.

16.5 No Assignment. Neither this Agreement nor any rights or obligations under it are assignable or otherwise transferable without the prior written consent of the other parties by operation of law or otherwise. Any attempted assignment in violation of this Section 16.5 shall be void. Notwithstanding the foregoing, Buyer may assign any of its rights (including the right to purchase the Interests) and obligations to any Affiliate of Buyer without obtaining the Sellers' consent but no such assignment shall relieve such Buyer of its obligations hereunder.

16.6 Headings. The descriptive headings of the Articles, Sections and subsections of this Agreement are for convenience only and do not constitute a part of this Agreement.

16.7 Counterparts. This Agreement and any amendment hereto or any other agreement or document delivered pursuant hereto may be executed in one or more counterparts and by different parties in separate counterparts. All of such counterparts shall constitute one and the same agreement or other document and shall become effective unless otherwise provided therein when one or more counterparts have been signed by each party and delivered to the other party.

16.8 Parties in Interest. This Agreement shall be binding upon and inure to the benefit of each party and its respective successors and assigns, and nothing herein, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

16.9 Notices. Any notice or other communication hereunder must be given in writing and (a) delivered in person, (b) transmitted by telex, telefax, e-mail or telecommunications mechanism provided that any notice so given is also mailed or sent as provided in clause (c) or (c) mailed by certified or registered mail, postage prepaid, receipt requested or sent by reputable overnight courier as follows:

If to Buyer, addressed to:

ArcelorMittal S.A.
c/o ArcelorMittal Ltd.
7th Floor, Berkeley Square House
Berkeley Square, London, W1J 6DA
Attention: Mr. Sudhir Maheshwari, Group Management Board Member,
M&A, Business Development, Corp. Finance and Tax Committee
Fax: +44 20 7629 7993

With a copy to:

Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, New York 10006
E-mail: jjuantorena@cgsh.com
Fax: 212-225-3999
Attn: Jorge U. Juantorena

If to Koppers, addressed to:

Koppers Inc.
436 Seventh Avenue
Pittsburgh, PA 15219
E-mail: lacysr@koppers.com
Fax: 412-227-2333
Attn: Steven R. Lacy, Esq.

With a copy to:

Reed Smith LLP
435 Sixth Avenue

Pittsburgh, Pennsylvania 15219
E-mail: hfrank@reedsmith.com
Fax: 412-288-3063
Attn: Hannah T. Frank

If to CI, addressed to:

Carbon Investments, Inc.
82 Devonshire Street, R7D
Boston, MA 02109
E-mail: Gary.Greenstein@FMR.COM
Fax: 617-385-1952

With a copy to:

Sullivan & Worcester LLP
One Post Office Square
Boston, MA 02109
E-mail: ccurtis@sandw.com
Fax: 617-338-2880
Attn: Christopher C. Curtis

or to such other address or to such other person as either party shall have last designated by such notice to the other party. Each such notice or other communication shall be effective, (i) if given by telecommunication, when transmitted to the applicable number specified in (or pursuant to) this Section 16.9 and an appropriate answerback is received, and (ii) if given by mail or courier or any other means, when actually delivered.

16.10 Expenses; Transfer Taxes. Except as otherwise provided herein, Sellers and Buyer shall each pay their own expenses incident to the negotiation, preparation and performance of this Agreement and the transactions contemplated hereby, including, but not limited to, the fees, expenses and disbursements of its attorneys, accountants and other advisers. Buyer, on the one hand, and Sellers, on the other hand, shall share equally all real and personal property transfer Taxes, if any, and all sales, use and other similar Taxes, if any, imposed on or in connection with the transfers contemplated by this Agreement.

16.11 Representation by Counsel; Interpretation. Sellers and Buyer each acknowledge that each party to this Agreement has been represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of Law or any legal decision that would require interpretation of any claimed ambiguities herein against the party that drafted it has no application and is expressly waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the intent of the Buyer and Sellers.

16.12 Severability. If any provision of this Agreement is determined to be invalid, illegal or unenforceable by any Governmental Entity, the remaining provisions of this Agreement shall remain in full force and effect provided that the essential terms and conditions of this Agreement for both parties remain valid, binding and enforceable. To the extent permitted by Law, the parties hereby to the same extent waive any provision of Law that renders any provision hereof prohibited or unenforceable in any respect.

16.13 Dispute Resolution; Agreement to Arbitrate

(a) The parties will attempt in good faith to resolve any dispute, controversy or claim under, arising out of, relating to or in connection with this Agreement, including, but not limited to, the negotiation, execution, interpretation, construction, performance, nonperformance, breach, termination, validity, scope, coverage or enforceability of this Agreement or any alleged fraud in connection therewith, promptly by negotiations between executives of the parties (or its Affiliates) who have authority to settle the controversy, and who are at a higher level of management than the persons with direct responsibility for the administration of this Agreement. If any such dispute, controversy or claim should arise, such duly authorized representatives of Buyer and Sellers (or their respective Affiliates) will meet at least once and will attempt to resolve the matter. Either representative may request the other to meet again within fourteen days thereafter, at a mutually agreed time and place. If the matter has not been resolved within thirty days after the first meeting of the representatives (which period may be extended by mutual agreement), the parties will attempt in good faith to resolve the controversy or claim in accordance with the then current Center for Public Resources Model Procedure for Mediation of Business Disputes and the costs of the mediator associated with such mediation process shall be borne equally by the Sellers and Buyer.

(b) If the matter has not been resolved pursuant to the foregoing procedures within sixty days after the first meeting (which period may be extended by mutual agreement), the matter shall be settled, at the request of either party, by arbitration conducted in accordance with the provisions of the Federal Arbitration Act and in accordance with the then current International Institute of Conflict Prevention Non-Administered Arbitration. Each party shall nominate one arbitrator and deliver written notification of such nomination to the other party and to the Center for Public Resources within thirty days after delivery of the Request for Arbitration. In the event a party fails to nominate an arbitrator or deliver notification of such nomination to the other party and to the Center for Public Resources within this time period, upon request of either party, such arbitrator shall instead be appointed by the Center for Public Resources within thirty days of receiving such request. The two arbitrators appointed in accordance with the above provisions shall nominate the third arbitrator and notify the parties and the Center for Public Resources in writing of such nomination within fifteen days of their appointment. If the first two appointed arbitrators fail to nominate a third arbitrator or notify the parties and the Center for Public Resources of that nomination within this time period, then, upon request of either party, the third arbitrator shall be appointed by the Center for Public Resources within fifteen days of receiving such request. The third arbitrator shall serve as Chairman of the Tribunal. The arbitration of such issues, including the determination of any amount of damages suffered by any party hereto by reason of the acts or omissions of any party, shall be final and binding upon the parties, except that the arbitrator shall not be empowered to act as *amiable compositeur* or authorized to award punitive damages with respect to any such claim, dispute or controversy. No party shall seek any punitive damages relating to any matters under, arising out of, in connection with or

relating to this Agreement. Equitable remedies shall be available in any such arbitration. The parties intend that this agreement to arbitrate be valid, binding, enforceable and irrevocable. The substantive and procedural Law of the Commonwealth of Pennsylvania shall apply to any such arbitration proceedings. The place of any such arbitration shall be Philadelphia, Pennsylvania. Judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof and the costs of the arbitrator associated with such arbitration proceeding shall be borne equally by Sellers and Buyer.

(c) Notwithstanding the provisions of this Section 16.13, either party may seek injunctive or other equitable relief to maintain the status quo before any court of competent jurisdiction in connection with any claim, dispute or controversy arising out of this Agreement and Buyer may seek injunctive or other equitable relief in connection with any breach or alleged breach of the provisions of Articles XIII or XIV and Buyer or Sellers, as the case may be, may seek injunctive or other equitable relief in connection with any breach or alleged breach of the provisions of Section 15.2 hereof.

16.14 Consent to Jurisdiction. Subject to Section 16.13, each of the parties hereto agree that any suit, action or proceeding instituted against such party under or in connection with this Agreement shall be brought in the United States District Court for the Western District of Pennsylvania. By its execution hereof, each party hereto irrevocably waives any objection to, and any right of immunity on the grounds of, improper venue, the convenience of the forum, the personal jurisdiction of such court or the execution of judgments resulting therefrom. Each party hereto hereby irrevocably accepts and submits to the exclusive jurisdiction of such court in any such action, suit or proceeding.

16.15 Waiver of Jury Trial. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY OF THEM AGAINST THE OTHERS ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, OR ANY OTHER AGREEMENTS EXECUTED IN CONNECTION HERewith OR THE ADMINISTRATION THEREOF OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN. No party to this Agreement shall seek a jury trial in any lawsuit, proceeding, counterclaim, or any other litigation procedure based upon, or arising out of, this Agreement or any related instruments or the relationship between the parties. No party will seek to consolidate any such action, in which a jury trial has been waived, with any other action in which a jury trial cannot be or has not been waived.

16.16 Further Assurances. Each party shall execute and deliver such further certificates, agreements and other documents and take such other actions as the other party may reasonably request to consummate or implement the transactions contemplated hereby or to evidence such events or matters.

IN WITNESS WHEREOF, Buyer and Sellers have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

KOPPERS INC.

By: _____
Name: _____
Title: _____

ARCELORMITTAL S.A.

By: _____
Name: _____
Title: _____

Signature Page to Purchase Agreement

LIMITED JOINDER

The undersigned, as an inducement to Koppers to enter into this Agreement and intending to be legally bound, has executed this Limited Joinder solely for the purpose of agreeing to be bound by Article II and Sections 3.3, 6.6, 12.2, 13.1 and 15.2 of this Agreement and making the representations and warranties in Sections 4.2(b), 4.4(b), 4.4(d) and 4.7(b) of this Agreement.

IN WITNESS WHEREOF, this Limited Joinder is executed as of the date first above written.

CARBON INVESTMENTS, INC.

By: _____

Name: _____

Title: _____

Signature Page to Purchase Agreement

CERTIFICATIONS

I, Walter W. Turner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Koppers Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-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 the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2008

/s/ WALTER W. TURNER

Walter W. Turner

President and Chief Executive Officer

CERTIFICATIONS

I, Brian H. McCurrie, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Koppers Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-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 the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2008

/s/ BRIAN H. MCCURRIE

Brian H. McCurrie

Vice President and Chief Financial Officer

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

In connection with the Quarterly Report of Koppers Holdings Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies in his capacity as an officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

November 6, 2008

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

November 6, 2008