Koppers Company, Inc., Science and Technology
436 Seventh Avenue, Pittsburgh, PA 15219
Telephone 412-227-2000

KOPPERS

CERTIFIED MAIL

March 29, 1985

Colonel Charlie L. Blalock
Executive Director
Mississippi Department of Natural Resources
P. O. Box 10385
Jackson, MS 39209

RE: RCRA Financial Requirements

Dear Colonel Blalock:

Enclosed is a letter from Koppers Company, Inc., Chief Financial Officer concerning RCRA Financial Requirements for 1984. Also enclosed is our certified public accountant's report on examination of Koppers' Financial Statement for the latest completed fiscal year. The enclosed 1984 Annual Report contains the SEC Form 10-K for the fiscal year ending December 31, 1984.

Be advised also that our insurance carrier, Travelers, has informed us that our Hazardous Waste Facility Liability Insurance was issued as a continuous policy with no expiration date. It therefore continues in force for 1985.

If you have any questions concerning this submission, please contact me at the above telephone number and address.

Sincerely yours,

Charles P. Brush

Charles P. Brush, P.E.
Program Manager
Hazardous Waste Affairs

CPB/mas

Enclosure

DIVISION OF SOLID WASTE
REVIEWED BY RAL
DATE 5/1/85
COMMENTS costs are not current
Cl. Cost

FT- OK
CPA - Report - OK
CPA - Special Report - OK
CFO Letter - OK

Koppers

Basis for Noncompliance

Project Officer Bob Lee

Telephone Number 961-5171

Violations are designated below by (X):

( ) Mechanism improperly addressed.

( ) Invalid signature.

( ) Wording of instrument not identical to Section 264.151.

( ) Unreasonable Closure Cost Estimate.

( ) Mississippi facility not included in mechanism.

( ) Originally signed duplicate not submitted.

( ) Schedule A not included.

( ) Schedule B not included.

( ) Mechanism not in effect.

( ) Financial institution is not qualified.

( ) Financial mechanism does not cover closure cost estimate.

For Financial Test, Corporate Guarantee Option:

( ) No letter from chief financial officer.

( ) No independent CPA's opinion.

( ) The CPA's opinion has been qualified; further information is required.

( ) No written corporate guarantee demonstrating sufficient stock ownership has been submitted.

( ) The designated CPA(s) is(are) not approved by the State Board of Accountancy.

( ) The facility has failed to meet the required criteria in Alternative I or II.

For Liability Coverage (sudden occurrences)

( ) Amount of coverage is not at least $1 million per occurrence, $2 million annual aggregate.

( ) Amount of coverage does not specifically exclude legal cost.

( ) Certificate of Insurance has not been submitted.

( ) Hazardous Waste Facility Liability Endorsement has not been submitted.

( ) The facility has failed to meet the criteria in Alternative I or II.

For Liability coverage (nonsudden occurrences)

( ) Amount of coverage is not at least $3 million per occurrence, $6 million annual aggregate.

( ) Certificate of Insurance has not been submitted.

( ) Hazardous Waste Facility Liability Endorsement has not been submitted.

( ) The facility has failed to meet the criteria in Alternative I or II.

Other comments (or explanation of apparent violations).

Current closure plan & cost estimate don't appear to be adequate. Post closure is not included.

Koppers Company, Inc., Finance Department
436 Seventh Avenue, Pittsburgh, PA 15219
Telephone 412-227-2185

KOPPERS

Thomas M. St. Clair
Vice President, Treasurer and
Chief Financial Officer

March 29, 1985

Executive Director
Mississippi Department of Natural Resources
P. O. Box 10385
Jackson, Mississippi 39209

RE: Financial Assurances

Dear Sir or Madam:

I am the Chief Financial Officer of Koppers Company, Inc., 436 Seventh Avenue, Pittsburgh, Pennsylvania 15219. This letter is in support of the use of the financial test to demonstrate financial responsibility for closure and/or post-closure care and liability coverage as specified in Subpart H of the Mississippi Hazardous Waste Regulations Parts 264 and 265.

The owner or operator identified above is the owner or operator of the following facilities for which liability coverage is being demonstrated through the financial test specified in Subpart H of the Mississippi Hazardous Waste Regulations Parts 264 and 265:

MSD 007027543
Grenada Plant
Koppers Company, Inc.
P.O. Box 160
Grenada, Mississippi 38960

1. The owner or operator identified above owns or operates the following facilities for which financial assurance for closure or post-closure care is demonstrated through the financial test specified in Subpart H of the Mississippi Hazardous Waste Regulations Parts 264 and 265. The current closure and/or post-closure cost estimates covered by the test are shown for each facility.

	Current Estimates		
Plant and ID No.	Closure Cost	Post-Closure Cost	Total Cost
MSD 007027543 Grenada Plant Koppers Company, Inc. P.O. Box 160 Grenada, MS 38960	$36,709	$ 0	$36,709

2. The owner or operator identified above guarantees, through the corporate guarantee specified in Subpart H of the Mississippi Hazardous Waste Regulations Parts 264 and 265, the closure and post-closure care of the following facilities owned or operated by its subsidiaries. The current cost estimates for the closure or post-closure care so guaranteed are shown for each facility:

	Current Estimates		
Plant and ID No.	Closure Cost	Post-Closure Cost	Total Cost
NONE			

3. In states where DNR is not administering the financial requirements of Subpart H of the Mississippi Hazardous Waste Regulations Parts 264 and 265, this owner or operator is demonstrating financial assurance for the closure or post-closure care of the following facilities through the use of a test equivalent or substantially equivalent to the financial test specified in Subpart H of the Mississippi Hazardous Waste Regulations Parts 264 and 265. The current closure and/or post-closure cost estimates covered by such a test are shown for each facility:

	Current Estimates		
Plant and ID No.	Closure Cost	Post-Closure Cost	Total Cost
See Attachment A and B	$6,701,442	$377,449	$7,078,891

4. The owner or operator identified above owns or operates the following hazardous waste management facilities for which financial assurance for closure or, if a disposal facility, post-closure care, is <u>not</u> demonstrated either to EPA or a State through the financial test or any other financial assurance mechanism specified in Subpart H of the Mississippi Hazardous Waste Regulations Parts 264 and 265 or equivalent or substantially equivalent State mechanisms. The current closure and/or post-closure cost estimates not covered by such financial assurance are shown for each facility:

	Current Estimates		
Plant and ID No.	Closure Cost	Post-Closure Cost	Total Cost
NONE			

This owner or operator is required to file a Form 10-K with the Securities and Exchange Commission (SEC) for the latest fiscal year.

The fiscal year of this owner or operator ends on December 31. The figures for the following items marked with an asterisk are derived from this owner's or operator's independently audited, year-end financial statements for the latest completed fiscal year, ended December 31, 1984.

ALTERNATIVE I

1.	Sum of current closure and post-closure cost estimates (total of all cost estimates listed above)	$ 7,115,600	
2.	Amount of annual aggregate liability coverage to be demonstrated	$ 6,000,000	
3.	Sum of lines 1 and 2	$ 13,115,600	
*4.	Total liabilities	$ 553,171,000	
*5.	Tangible net worth	$ 608,003,000	
*6.	Net worth	$ 613,335,000	
*7.	Current assets	$ 487,962,000	
*8.	Current liabilities	$ 267,004,000	
9.	Net working capital	$ 220,958,000	
*10.	The sum of net income plus depreciation, depletion and amortization	$ 109,073,000	
*11.	Total assets in U.S.	Not Applicable	

		Yes	No
12.	Is line 5 at least $10 million?	x	
13.	Is line 5 at least 6 times line 3?	x	
14.	Is line 9 at least 6 times line 3?	x	
*15.	Are at least 90% of assets located in the US? If not complete line 16	x	
16.	Is line 11 at least 6 times line 3?	Not Applicable	
17.	Is line 4 divided by line 6 less than 2.0?	x	
18.	Is line 10 divided by line 4 greater than 0.1?	x	
19.	Is line 7 divided by line 8 greater than 1.5?	x	

I hereby certify that the wording of this letter is identical to the wording specified in Subpart H of the Mississippi Hazardous Waste Regulations as such regulations were constituted on the date shown immediately below.

Yours very truly,

T M St Clair

T. M. St. Clair
Vice President, Treasurer and
Chief Financial Officer
March 29, 1985

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

ARTHUR YOUNG

2400 Koppers Building
Pittsburgh, Pennsylvania 15219-1858
Telephone: (412) 288-4400
Telex: WU 86-6133

March 29, 1985

Executive Director
Mississippi Department of
Natural Resources
P.O. Box 10385
Jackson, MS 39209

Gentlemen:

We have examined the consolidated balance sheet of Koppers Company, Inc. and subsidiaries at December 31, 1984 and the related consolidated statements of operations, changes in financial position and shareholders' equity other than redeemable convertible preference stock for the year then ended, and have issued our report thereon dated January 24, 1985. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Pursuant to the provisions of Environmental Protection Agency Regulation Subpart H of 40 CFR Parts 264 and 265, the chief financial officer, T. M. St. Clair, has prepared a letter dated March 29, 1985 demonstrating both liability coverage and assurance of closure or post-closure care. Certain data set forth in that letter is identified with an asterisk as having been derived from the independently audited, year-end financial statements. We have compared such data to the Company's consolidated financial statements contained in the 1984 Form 10-K.

In connection with the procedure referred to above, nothing came to our attention which caused us to believe that the financial data contained in the above-mentioned letter should be adjusted.

Very truly yours,

Arthur Young & Company

ATTACHMENTS A & B

KOPPERS COMPANY, INC.

ATTACHMENT A
1984 RCRA FINANICAL ASSURANCE REPORT
KOPPERS COMPANY, INC.
Pittsburgh, Pennsylvnia 15219

December 31, 1984

This report identifies both Closure and Post Closure Costs for Koppers' facilities that were storage, treatment or disposal facilities for purposes of hazardous waste management in 1984. Facilities are listed according to states.

Facility Location	Cost Estimates 1984 Closure	1984 Post Closure
Woodward Coke P.O.Box Dolomite, Alabama, 35061 ALD 000771949	$15,422 Total Cost =	$0.00 $15,422
Woodward Tar P.O.Box Dolomite, Alabama, 35061 ALD 085765808	$30,737 Total Cost =	$0.00 $30,737
Montgomery Plant P.O. Box 510 Montgomery, Alabama, 36101 ALD 004009403	$11,663 Total Cost =	$0.00 $11,663
Little Rock Plant P.O. Box 3231 North Little Rock, Arkansas, 72117 ARD 006344824	$216,314 Total Cost =	$0.00 $216,314
Commerce Plant P.O. Box 22066 Los Angeles, California, 90022 CAD 004937793	$16,727 Total Cost =	$0.00 $16,727
Oxnard Plant P.O.Box Oxnard, California, 93033 CAD 087163267	$21,947 Total Cost =	$0.00 $21,947
Cal-Richmond Plant P.O.Box Richmond, California, 94806 CAD 043242718	$8,526 Total Cost =	$0.00 $8,526
Feather River Plant P.O.Box 351 Oroville, California, 95965 CAD 009112087	$2,303,595 Total Cost =	$0.00 $2,303,595

ATTACHMENT A - 1984 COSTS

Ontario Plant P.O. Box 1112 Guasti, California, 91743 CAD 000617324	$18,039 Total Cost =	$0.00 $18,039
Fontana Plant P.O.Box Fontana, California, 92335 CAD 073568677	$59,640 Total Cost =	$0.00 $59,640
Denver Plant P.O. Box Denver, Colorado, 80216 COD 007077175	$183,333 Total Cost =	$0.00 $183,333
Gainesville Plant P.O. Box 1067 Gainesville, Florida, 32602 FLD 004057535	$9,717 Total Cost =	$0.00 $9,717
Conley Plant P.O.Box Conley, Georgia, 30027 GAD 004009403	$14,135 Total Cost =	$0.00 $14,135
Galesburg Plant P.O. Box 1191 Galesburg, Illinois, 61401 ILD 990817991	$6,137 Total Cost =	$0.00 $6,137
Chicago Plant P.O.Box Chicago, Illinois, 60650 ILD 005164611	$51,131 Total Cost =	$0.00 $51,131
Carbondale Plant P.O. Box 270 Carbondale, ILLinois, 62901 ILD 000819946	$1,892,104 Total Cost =	$100,500 $1,992,604
Valparaiso Plant P.O.Box 104 Valparaiso, Indiana, 46383 IND 000781609	$9,836 Total Cost =	$0.00 $9,836
Guthrie Plant P.O. Box 8 Guthrie, Kentucky, 42234 KYD 006383392	$100,857 Total Cost =	$0.00 $100,857

ATTACHMENT A - 1984 COSTS

Salisbury Plant P.O. Box 2217 Salisbury, Maryland, 21801 MDD 05650680	$16,897 Total Cost =	$0.00 $16,897
Grenada Plant P.O. Box 8 Grenada, Mississippi, 38960 MSD 007027543	$36,709 Total Cost =	$0.00 $36,709
Kansas City Plant P.O. Box 8057 Kansas City, Missouri, 64129 MOD 007146517	$7,061 Total Cost =	$0.00 $7,061
St. Louis Plant P.O.Box St. Louis, Missouri, 63110 MOD 056963036	$5,775 Total Cost =	$0.00 $5,775
Nashua P.O.Box 488 Nashua, NH, 03061 NHD 001084979	$3,450 Total Cost =	$0.00 $3,450
Orrville Product Devleopment P.O. Box 905 Orrville, Ohio, 44667 OHD 068911494	$36,877 Total Cost =	$0.00 $36,877
Youngstown Plant P.O.Box Youngstown, Ohio, 44501 OHD 004198784	$49,905 Total Cost =	$0.00 $49,905
Parr - Syracuse P.O.Box Cleveland, Ohio, 44110 OHD 004179180	$15,488 Total Cost =	$0.00 $15,488
Parr - Denison P.O.Box Cleveland, Ohio, 44102 OHD 060431947	$5,390 Total Cost =	$0.00 $5,390
Florence Plant P.O. Box 1725 Florence, South Carolina, 29503 SCD 003353026	$76,437 Total Cost =	$0.00 $76,437

ATTACHMENT A - 1984 COSTS

Irving Plant P.O.Box Irving, Texas, 75060 TXD 053126785	$37,747 Total Cost =	$0.00 $37,747
Houston Tar Plant P.O.Box Houston, Texas, 77015 TXD 008089021	$17,111 Total Cost =	$0.00 $17,111
Richmond Plant P.O.Box Richmond, Virginia, 23231 VAD 003121977	$211,437 Total Cost =	$212,240 $423,677
Roanoke Plant P.O. Box 792 Salem, Virginia, 24153 VAD 003125770	$267,402 Total Cost =	$0.00 $267,402
Follansbee Plant P.O.Box Follansbee, West Virginia, 26037 WVD 004336749	$3,000 Total Cost =	$0.00 $3,000
Follansbee Landfill P.O.Box Follansbee, West Virginia, 26037 WVD 550010144	$90,700 Total Cost =	$64,709 $155,409
Green Spring Plant P.O. Box 98 Green Spring, West Virginia, 26722 WVD 003080959	$443,068 Total Cost =	$0.00 $443,068

ATTACHMENT B
1984 RCRA FINANICAL ASSURANCE REPORT
KOPPERS COMPANY, INC.
Pittsburgh, Pennsylvnia 15219

December 31, 1984

This report identifies both Closure and Post Closure Costs for Koppers' facilities that were storage, treatment or disposal facilities for purposes of hazardous waste management in 1984. Facilities are listed according to states.

Facility Location	**Cost Estimates** 1984 Closure	1984 Post Closure
Oil City Plant P.O. Box 98 Oil City, Pennsylvania, 16301 PAD 004336756	$177,518 Total Cost =	$0.00 $177,518
Petrolia Plant P.O.Box Petrolia, Pennsylvania, 16050 PAD 004336731	$2,788 Total Cost =	$0.00 $2,788
Verona Research P.O.Box Verona, Pennsylvania, 15147 PAD 000647339	$8,137 Total Cost =	$0.00 $8,137
Morgan Plant P.O. Box 431 Morgan, Pennsylvania, 15064 PAD 000800862	$2,788 Total Cost =	$0.00 $2,788
Erie Plant P.O.Box Erie, Pennsylvania, 16512 PAD 07747864	$4,206 Total Cost =	$0.00 $4,206
Bridgeville Plant P.O. Box 219 Bridgeville, Pennsylvania, 15017 PAD 063764898	$65,985 Total Cost =	$0.00 $65,985
Susquehanna Plant P.O.Box 189 Montgomery, Pennsylvania, 17752 PAD 056723265	$145,123 Total Cost =	$0.00 $145,123
Science & Technology Center P.O.Box Monroeville, Pennsylvania, 15146 PAD 082245754	$5,540 Total Cost =	$0.00 $5,540

ATTACHMENT B - 1984 COSTS

Swedeland Plant	$4,916	$0.00
River Road		
Swedeland, Pennsylvania, 19405	Total Cost = $4,916	
PAD 084766369		
Campbell Plant	$17,971	$0.00
P.O.Box		
Ewa Beach, Hawaii, 96708	Total Cost = $17,971	
HID 009198797		
Maui Plant	$8,865	$0.00
P.O. Box 1650		
Maui, Hawaii, 96732	Total Cost = $8,865	
HID 059475210		

RECORD OF TELEPHONE CONVERSATION

Name of firm or party

Address

Contact

Phone

Financial requirements --

264.142(b) - adjust cost estimate 30 days after anniversary date of original cost estimate. David Lee said cost adjustments for most facilities are due May 19 or when Part B is submitted.

Sudden & non-sudden insurance - Company initially submits certificate, we review the wording. There is no "annual submittal" requirement. The insurance co. is suppose to notify us before ~~dropping~~ dropping a policy.

For companies using financial test, test is due 90 days after the fiscal year end.

Koppers financial test for FY 84 is due by March 31.

Signature

Date

MISSIS I DEPARTMENT OF NATURAL RES RCES
Bureau of Pollution Control
P. O. Box 10385
Jackson, Mississippi 39209
(601) 961-5171

M E M O R A N D U M

TO: Hazardous Waste TSD Facilities

FROM: Robert A. Lee

SUBJECT: Annual Closure Cost Estimate Update

DATE: April 3, 1985

1. The closure cost estimate must be updated by May 19, 1985. This estimate must be submitted to this office by May 28, 1985.

2. Financial assurance mechanism must be updated as follows:

   A. Facilities that use the Financial Test must resubmit financial information incorporating the closure cost estimate update within 90 days after the end of their fiscal year;

   B. Facilities that use the Trust Fund must update Schedule A of the Trust Fund by July 18, 1985. Annual payments into the Trust Fund must be made by December 1, 1985;

   C. Facilities that use the Surety Bond must increase the amount of the bond and submit evidence of such increase to our office or obtain alternate financial assurance by July 18, 1985;

   D. Facilities that use the Letter of Credit must cause the amount of the credit to be increased so that it at least equals the current closure cost estimate and submit evidence of such increase to our office or obtain other financial assurance by July 18, 1985; and

   E. Facilities that use Closure Insurance must either cause the face amount of the insurance to be increased to the current closure cost estimate and submit evidence to our office or obtain other financial assurance by July 18, 1985.

To update your closure cost estimate, you must multiply the current closure cost estimate (1984 estimate) times 1.038. The new figures will become the updated closure cost estimate for which you must demonstrate financial assurance.

Example:

Original closure cost estimate - $10,000 (1981)
1982 update $10,000 x 1.09 = $10,900
1983 update $10,900 x 1.07 = $11,663
1984 update $11,663 x 1.04 = $12,130
1985 update $12,130 x 1.038= $12,594

Should you have any questions, please contact me at (601) 961-5171.

RAL:hdb

Koppers Company, Inc., Science and Technology
436 Seventh Avenue, Pittsburgh, PA 15219
Telephone 412-227-2000

DNR-PC
13

KOPPERS

May 20, 1985

Department of Natural Resources

CERTIFIED MAIL

Colonel Charlie L. Blalock
Executive Director
Mississippi Department of Natural
Resources
P. O. Box 10385
Jackson, MS 39209

RE: RCRA Financial Assurance Submission
of March 29, 1985

Dear Colonel Blalock:

Enclosed is a revised letter from Koppers Company, Inc., Chief Financial Officer concerning RCRA Requirements for 1984. The surface impoundment costs at the Grenada Facility have been amended from the original submission made on March 29, 1985. The container storage costs remain unchanged.

If you have any questions concerning this revised submission, please contact me at the above telephone number and address.

Sincerely yours,

Charles P. Brush

Charles P. Brush, P.E.
Program Manager
Hazardous Waste Affairs

CPB/mas

Enclosure

Koppers Company, Inc., Finance Department
436 Seventh Avenue, Pittsburgh, PA 15219
Telephone 412-227-2185

KOPPERS

Thomas M. St. Clair
Vice President, Treasurer and
Chief Financial Officer

March 29, 1985

Revised May 20, 1985

Executive Director
Mississippi Department of Natural Resources
P. O. Box 10385
Jackson, Mississippi 39209

RE: Financial Assurances

Dear Sir or Madam:

I am the Chief Financial Officer of Koppers Company, Inc., 436 Seventh Avenue, Pittsburgh, Pennsylvania 15219. This letter is in support of the use of the financial test to demonstrate financial responsibility for closure and/or post-closure care and liability coverage as specified in Subpart H of the Mississippi Hazardous Waste Regulations Parts 264 and 265.

The owner or operator identified above is the owner or operator of the following facilities for which liability coverage is being demonstrated through the financial test specified in Subpart H of the Mississippi Hazardous Waste Regulations Parts 264 and 265:

MSD 007027543
Grenada Plant
Koppers Company, Inc.
P.O. Box 160
Grenada, Mississippi 38960

1. The owner or operator identified above owns or operates the following facilities for which financial assurance for closure or post-closure care is demonstrated through the financial test specified in Subpart H of the Mississippi Hazardous Waste Regulations Parts 264 and 265. The current closure and/or post-closure cost estimates covered by the test are shown for each facility.

	Current Estimates		
Plant and ID No.	Closure Cost	Post-Closure Cost	Total Cost
MSD 007027543 Grenada Plant Koppers Company, Inc. P.O. Box 160 Grenada, MS 38960	**$74,065**	$ 0	**$74,065**

2. The owner or operator identified above guarantees, through the corporate guarantee specified in Subpart H of the Mississippi Hazardous Waste Regulations Parts 264 and 265, the closure and post-closure care of the following facilities owned or operated by its subsidiaries. The current cost estimates for the closure or post-closure care so guaranteed are shown for each facility:

Plant and ID No.	Current Estimates: Closure Cost	Post-Closure Cost	Total Cost
NONE			

3. In states where DNR is not administering the financial requirements of Subpart H of the Mississippi Hazardous Waste Regulations Parts 264 and 265, this owner or operator is demonstrating financial assurance for the closure or post-closure care of the following facilities through the use of a test equivalent or substantially equivalent to the financial test specified in Subpart H of the Mississippi Hazardous Waste Regulations Parts 264 and 265. The current closure and/or post-closure cost estimates covered by such a test are shown for each facility:

Plant and ID No.	Current Estimates: Closure Cost	Post-Closure Cost	Total Cost
See Attachment A and B	$6,701,442	$377,449	$7,078,891

4. The owner or operator identified above owns or operates the following hazardous waste management facilities for which financial assurance for closure or, if a disposal facility, post-closure care, is not demonstrated either to EPA or a State through the financial test or any other financial assurance mechanism specified in Subpart H of the Mississippi Hazardous Waste Regulations Parts 264 and 265 or equivalent or substantially equivalent State mechanisms. The current closure and/or post-closure cost estimates not covered by such financial assurance are shown for each facility:

Plant and ID No.	Current Estimates: Closure Cost	Current Estimates: Post-Closure Cost	Current Estimates: Total Cost
NONE			

This owner or operator is required to file a Form 10-K with the Securities and Exchange Commission (SEC) for the latest fiscal year.

The fiscal year of this owner or operator ends on December 31. The figures for the following items marked with an asterisk are derived from this owner's or operator's independently audited, year-end financial statements for the latest completed fiscal year, ended December 31, 1984.

ALTERNATIVE I

1.	Sum of current closure and post-closure cost estimates (total of all cost estimates listed above)	**$ 7,152,956**	
2.	Amount of annual aggregate liability coverage to be demonstrated	$ 6,000,000	
3.	Sum of lines 1 and 2	**$ 13,152,956**	
*4.	Total liabilities	$ 553,171,000	
*5.	Tangible net worth	$ 608,003,000	
*6.	Net worth	$ 613,335,000	
*7.	Current assets	$ 487,962,000	
*8.	Current liabilities	$ 267,004,000	
9.	Net working capital	$ 220,958,000	
*10.	The sum of net income plus depreciation, depletion and amortization	$ 109,073,000	
*11.	Total assets in U.S.	Not Applicable	
		Yes	No
12.	Is line 5 at least $10 million?	x	
13.	Is line 5 at least 6 times line 3?	x	
14.	Is line 9 at least 6 times line 3?	x	
*15.	Are at least 90% of assets located in the US? If not complete line 16	x	
16.	Is line 11 at least 6 times line 3?	Not Applicable	
17.	Is line 4 divided by line 6 less than 2.0?	x	
18.	Is line 10 divided by line 4 greater than 0.1?	x	
19.	Is line 7 divided by line 8 greater than 1.5?	x	

I hereby certify that the wording of this letter is identical to the wording specified in Subpart H of the Mississippi Hazardous Waste Regulations as such regulations were constituted on the date shown immediately below.**(*)**

Yours very truly,

T. M. St. Clair
Vice President, Treasurer and
Chief Financial Officer
March 29, 1985

Revised May 20, 1985

(*) The above letter has been amended to reflect a change in the surface impoundment costs at the Grenada Facility. The container storage costs remain unchanged.

ATTACHMENTS A & B

KOPPERS COMPANY, INC.

ATTACHMENT A
1984 RCRA FINANICAL ASSURANCE REPORT
KOPPERS COMPANY, INC.
Pittsburgh, Pennsylvnia 15219

December 31, 1984

This report identifies both Closure and Post Closure Costs for Koppers' facilities that were storage, treatment or disposal facilities for purposes of hazardous waste management in 1984. Facilities are listed according to states.

Facility Location	**Cost Estimates** 1984 Closure	1984 Post Closure
Woodward Coke P.O.Box Dolomite, Alabama, 35061 ALD 000771949	$15,422 Total Cost =	$0.00 $15,422
Woodward Tar P.O.Box Dolomite, Alabama, 35061 ALD 085765808	$30,737 Total Cost =	$0.00 $30,737
Montgomery Plant P.O. Box 510 Montgomery, Alabama, 36101 ALD 004009403	$11,663 Total Cost =	$0.00 $11,663
Little Rock Plant P.O. Box 3231 North Little Rock, Arkansas, 72117 ARD 006344824	$216,314 Total Cost =	$0.00 $216,314
Commerce Plant P.O. Box 22066 Los Angeles, California, 90022 CAD 004937793	$16,727 Total Cost =	$0.00 $16,727
Oxnard Plant P.O.Box Oxnard, California, 93033 CAD 087163267	$21,947 Total Cost =	$0.00 $21,947
Cal-Richmond Plant P.O.Box Richmond, California, 94806 CAD 043242718	$8,526 Total Cost =	$0.00 $8,526
Feather River Plant P.O.Box 351 Oroville, California, 95965 CAD 009112087	$2,303,595 Total Cost =	$0.00 $2,303,595

ATTACHMENT A - 1984 COSTS

Ontario Plant P.O. Box 1112 Guasti, California, 91743 CAD 000617324	$18,039 Total Cost =	$0.00 $18,039
Fontana Plant P.O.Box Fontana, California, 92335 CAD 073568677	$59,640 Total Cost =	$0.00 $59,640
Denver Plant P.O. Box Denver, Colorado, 80216 COD 007077175	$183,333 Total Cost =	$0.00 $183,333
Gainesville Plant P.O. Box 1067 Gainesville, Florida, 32602 FLD 004057535	$9,717 Total Cost =	$0.00 $9,717
Conley Plant P.O.Box Conley, Georgia, 30027 GAD 004009403	$14,135 Total Cost =	$0.00 $14,135
Galesburg Plant P.O. Box 1191 Galesburg, Illinois, 61401 ILD 990817991	$6,137 Total Cost =	$0.00 $6,137
Chicago Plant P.O.Box Chicago, Illinois, 60650 ILD 005164611	$51,131 Total Cost =	$0.00 $51,131
Carbondale Plant P.O. Box 270 Carbondale, ILLinois, 62901 ILD 000819946	$1,892,104 Total Cost =	$100,500 $1,992,604
Valparaiso Plant P.O.Box 104 Valparaiso, Indiana, 46383 IND 000781609	$9,836 Total Cost =	$0.00 $9,836
Guthrie Plant P.O. Box 8 Guthrie, Kentucky, 42234 KYD 006383392	$100,857 Total Cost =	$0.00 $100,857

ATTACHMENT A - 1984 COSTS

Salisbury Plant P.O. Box 2217 Salisbury, Maryland, 21801 MDD 05650680	$16,897 Total Cost =	$0.00 $16,897
*Grenada Plant P.O. Box 8 Grenada, Mississippi, 38960 MSD 007027543	$74,065 Total Cost =	$0.00 $74,065
Kansas City Plant P.O. Box 8057 Kansas City, Missouri, 64129 MOD 007146517	$7,061 Total Cost =	$0.00 $7,061
St. Louis Plant P.O.Box St. Louis, Missouri, 63110 MOD 056963036	$5,775 Total Cost =	$0.00 $5,775
Nashua P.O.Box 488 Nashua, NH, 03061 NHD 001084979	$3,450 Total Cost =	$0.00 $3,450
Orrville Product Devleopment P.O. Box 905 Orrville, Ohio, 44667 OHD 068911494	$36,877 Total Cost =	$0.00 $36,877
Youngstown Plant P.O.Box Youngstown, Ohio, 44501 OHD 004198784	$49,905 Total Cost =	$0.00 $49,905
Parr - Syracuse P.O.Box Cleveland, Ohio, 44110 OHD 004179180	$15,488 Total Cost =	$0.00 $15,488
Parr - Denison P.O.Box Cleveland, Ohio, 44102 OHD 060431947	$5,390 Total Cost =	$0.00 $5,390
Florence Plant P.O. Box 1725 Florence, South Carolina, 29503 SCD 003353026	$76,437 Total Cost =	$0.00 $76,437

*Revised May 20, 1985.

ATTACHMENT A - 1984 COSTS

Irving Plant P.O.Box Irving, Texas, 75060 TXD 053126785	$37,747 Total Cost =	$0.00 $37,747
Houston Tar Plant P.O.Box Houston, Texas, 77015 TXD 008089021	$17,111 Total Cost =	$0.00 $17,111
Richmond Plant P.O.Box Richmond, Virginia, 23231 VAD 003121977	$211,437 Total Cost =	$212,240 $423,677
Roanoke Plant P.O. Box 792 Salem, Virginia, 24153 VAD 003125770	$267,402 Total Cost =	$0.00 $267,402
Follansbee Plant P.O.Box Follansbee, West Virginia, 26037 WVD 004336749	$3,000 Total Cost =	$0.00 $3,000
Follansbee Landfill P.O.Box Follansbee, West Virginia, 26037 WVD 550010144	$90,700 Total Cost =	$64,709 $155,409
Green Spring Plant P.O. Box 98 Green Spring, West Virginia, 26722 WVD 003080959	$443,068 Total Cost =	$0.00 $443,068

ATTACHMENT B
1984 RCRA FINANICAL ASSURANCE REPORT
KOPPERS COMPANY, INC.
Pittsburgh, Pennsylvnia 15219

December 31, 1984

This report identifies both Closure and Post Closure Costs for Koppers' facilities that were storage, treatment or disposal facilities for purposes of hazardous waste management in 1984. Facilities are listed according to states.

Facility Location	**Cost Estimates** 1984 Closure	1984 Post Closure
Oil City Plant P.O. Box 98 Oil City, Pennsylvania, 16301 PAD 004336756	$177,518 Total Cost =	$0.00 $177,518
Petrolia Plant P.O.Box Petrolia, Pennsylvania, 16050 PAD 004336731	$2,788 Total Cost =	$0.00 $2,788
Verona Research P.O.Box Verona, Pennsylvania, 15147 PAD 000647339	$8,137 Total Cost =	$0.00 $8,137
Morgan Plant P.O. Box 431 Morgan, Pennsylvania, 15064 PAD 000800862	$2,788 Total Cost =	$0.00 $2,788
Erie Plant P.O.Box Erie, Pennsylvania, 16512 PAD 07747864	$4,206 Total Cost =	$0.00 $4,206
Bridgeville Plant P.O. Box 219 Bridgeville, Pennsylvania, 15017 PAD 063764898	$65,985 Total Cost =	$0.00 $65,985
Susquehanna Plant P.O.Box 189 Montgomery, Pennsylvania, 17752 PAD 056723265	$145,123 Total Cost =	$0.00 $145,123
Science & Technology Center P.O.Box Monroeville, Pennsylvania, 15146 PAD 082245754	$5,540 Total Cost =	$0.00 $5,540

ATTACHMENT B - 1984 COSTS

Swedeland Plant River Road Swedeland, Pennsylvania, 19405 PAD 084766369	$4,916 Total Cost = $4,916	$0.00
Campbell Plant P.O.Box Ewa Beach, Hawaii, 96708 HID 009198797	$17,971 Total Cost = $17,971	$0.00
Maui Plant P.O. Box 1650 Maui, Hawaii, 96732 HID 059475210	$8,865 Total Cost = $8,865	$0.00

HAZARDOUS WASTE FACILITY CERTIFICATE
of
LIABILITY INSURANCE

MISSISSIPPI

X Travelers Indemnity Company
__ Travelers Indemnity Company of America
__ The Phoenix Insurance Company

__ Travelers Indemnity Company of Rhode Island
__ Travelers Indemnity Company of Illinois
__ Charter Oak Fire Insurance Company

One Tower Square
Hartford, Connecticut 06115

hereby certifies that it has issued liability insurance covering bodily injury and property damage to

Name KOPPERS CO INC
FOREST PRODUCTS GROUP

Mailing Address KOPPERS BUILDING
PITTSBURGH PA 15219

in connection with the insured's obligation to demonstrate financial responsibility under 40 CFR 264.147 or 265.147. The coverage applies at

E.P.A. I.D. NUMBER	NAME	ADDRESS
1. MSD 007027543	GRENADA	P O BOX 160 GRENADA MS 38960
2.		

for:

X sudden accidental occurrences
__ non-sudden accidental occurrences
__ sudden and non-sudden accidental occurrences

The limits of liability are $ 1,000,000 each occurrence
$ 2,000,000 annual aggregate

exclusive of legal defense costs. The coverage is provided under

Policy Number TR-SLG-180T452-3-82

Issued on 12-30-81

The effective date of said policy is 01-01-82

(CONTINUED ON REVERSE)

PITT-170
09-17-82

Orig. 8-15-82 (Mississippi)

Financial File was reveiwed as per EPA Survey on 10/7/85. Deficiencies found were as follows.

1) No post Closure Cost estimate was included

-This estimate must be included in part B Application to be Submitted on or before November 8, 1985 as per Comission order #91385 dated September 18, 1985.

DIVISION OF SOLID WASTE
REVIEWED BY _______
DATE 10/7/85
COMMENTS deficiencies were as Noted above.

NOTICE OF CANCELLATION

Hazardous Waste Liability Certificate
of
Liability Insurance

RECEIVED
OCT 1 0 1985
...URAL RESOURCE
BUREAU OF POLLUTION CONTROL

filed with

Name MISSISSIPPI DEPARTMENT OF NATURAL RESOURCES

Address BUREAU OF POLLUTION CONTROL

DIVISION OF SOLID WASTE
P.O. BOX 10385
JACKSON, MISS. 39209
ATTN: DAVID LEE

This is to advise that policy # TR-SLG-180T452-3-83

(Named Insured) KOPPERS COMPANY INC

(Mailing Address) KOPPERS BUILDING

PITTSBURGH PA 15219

(Facility Name) TIE PLANT

(Facility Address) P O BOX 160

TIE PLANT MS 38960

EPA I.D.# MSD 007027543

by TRAVELERS INDEMNITY COMPANY

(Name of Company)

One Tower Square
Hartford, Connecticut 06115

said policy no longer covers the Liability Insurance requirements for a Hazardous Waste Facility Certificate effective as of the 1ST **day of** JANUARY **, 19** 86 **12:01 a.m. standard time at the address of the named insured as stated in said policy, provided said date is not less than** THIRTY(30) **days after the receipt of this notice by the Regional Administrator.**

John R. Kenney - Secretary (om)

John R. Kenney
Secretary, Authorized
Representative of The Travelers
Insurance Companies
One Tower Square
Hartford, Connecticut 06115

PITT-170
10-08-85

NOTICE OF CANCELLATION

Hazardous Waste Liability Certificate
of
Liability Insurance

filed with

Name MISSISSIPPI DEPARTMENT OF NATURAL RESOURCES

Address BUREAU OF POLLUTION CONTROL

DIVISION OF SOLID WASTE

P.O. BOX 10385

JACKSON, MISS. 39209
ATTN: DAVID LEE

This is to advise that policy # TR-SLG-180T452-3-82

(Named Insured) KOPPERS CO INC

(Mailing Address) FOREST PRODUCTS GROUP
KOPPERS BUILDING

PITTSBURGH PA 15219

(Facility Name) GRENADA

(Facility Address) P O BOX 160

GRENADA MS 38960

EPA I.D.# MSD 007027543

by TRAVELERS INDEMNITY COMPANY

(Name of Company)

One Tower Square
Hartford, Connecticut 06115

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PITT-170
10-08-85

John R. Kenney-Secretary (Om)
John R. Kenney
Secretary, Authorized
Representative of The Travelers
Insurance Companies
One Tower Square
Hartford, Connecticut 06115

NOTICE OF CANCELLATION

**Hazardous Waste Liability Certificate
of
Liability Insurance**

filed with

Name MISSISSIPPI DEPARTMENT OF NATURAL RESOURCES

Address BUREAU OF POLLUTION CONTROL

DIVISION OF SOLID WASTE

P.O. BOX 10385

JACKSON, MISS. 39209
ATTN: DAVID LEE

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(Named Insured) KOPPERS CO INC

(Mailing Address) FOREST PRODUCTS GROUP
KOPPERS BUILDING

PITTSBURGH PA 15219

(Facility Name) GRENADA

(Facility Address) P O BOX 160

GRENADA MS 38960

EPA I.D.# MSD 007027543

by TRAVELERS INDEMNITY COMPANY

(Name of Company)

**One Tower Square
Hartford, Connecticut 06115**

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PITT-170
10-08-85

John R. Kenney Secretary (Am)

John R. Kenney
Secretary, Authorized
Representative of The Travelers
Insurance Companies
One Tower Square
Hartford, Connecticut 06115

NOTICE OF CANCELLAT

Hazardous Waste Liability Certificate
of
Liability Insurance

RECEIVED

filed with

Name MISSISSIPPI DEPARTMENT OF NATURAL RESOURCES

Address BUREAU OF POLLUTION CONTROL

DIVISION OF SOLID WASTE

P.O. BOX 10385

JACKSON, MISS. 39209

ATTN: DAVID LEE

This is to advise that policy # TR-SLG-180T452-3-83

(Named Insured) KOPPERS COMPANY INC

(Mailing Address) KOPPERS BUILDING

PITTSBURGH PA 15219

(Facility Name) TIE PLANT

(Facility Address) P O BOX 160

TIE PLANT MS 38960

EPA I.D.# MSD 007027543

by TRAVELERS INDEMNITY COMPANY

(Name of Company)

One Tower Square
Hartford, Connecticut 06115

said policy no longer covers the Liability Insurance requirements for a Hazardous Waste Facility Certificate effective as of the 1ST day of JANUARY, 19 86 12:01 a.m. standard time at the address of the named Insured as stated in said policy, provided said date is not loss than THIRTY(30) days after the receipt of this notice by the Regional Administrator.

PITT-170
10-08-85

John R. Kenney-Secretary (Om)
John R. Kenney
Secretary, Authorized
Representative of The Travelers
Insurance Companies
One Tower Square
Hartford, Connecticut 06115

Fernwood

Financial Assurance

Letter of Credit = 324,375.00

Closure / post Closure = 324,375.00

Financial assurance is Covered

Insurance

Sudden insurance in effect - 500,000/100,000, 5,000,000 (3,000,000)

Non Sudden. in effect - 10,000,000 each & aggregate.

exp: date 1/1/86

Contact: Iddo L Enochs
PH # (601) 684-2011

Amerada Hess

Closure Cost: $258,150 } 325,110
Post Closure: $66960

Contact: John Steinhauer
PH # (601) 794-8021

Renewal date: 12/31/85

Financial Test For Closure & both Sudden & non Sudden insurance. Satisfactory (self insured)

Koppers Co.

Financial Assurance

Financial Test - Adequate

Contact: Raymond Bartlow
PH # (601) 226-4584

Insurance

Non Sudden - demonstrated by Financial Test

Sudden - 1,000,000, 2,000,000

Expiration: 1/1/86

Fiscal Year ends March, 31st, 1985

Part B application To be Submitted by Nov 8 1985

Thermos

Financial Assurance

Corporate Guarantee - Financial Test

47,503 - Closure Costs, Adequately Covered.

Year End = Dec. 30

Insurance

Sudden - 1,000,000/2,000,000 - Liberty Mutual, Renewal: 1/1/85

Non Sudden

No Non Sudden in effect

Contact: Joseph Hellmueller
PH #: (309) 833-2161

Wood Treating

Financial assurance

Letter OF Credit - 123,665.83

Closure Cost = 123,665.84, Post Closure = No seperate post Closure included)

Insurance

Sudden - 2,000,000, 2,000,000 - Renewal = June 10

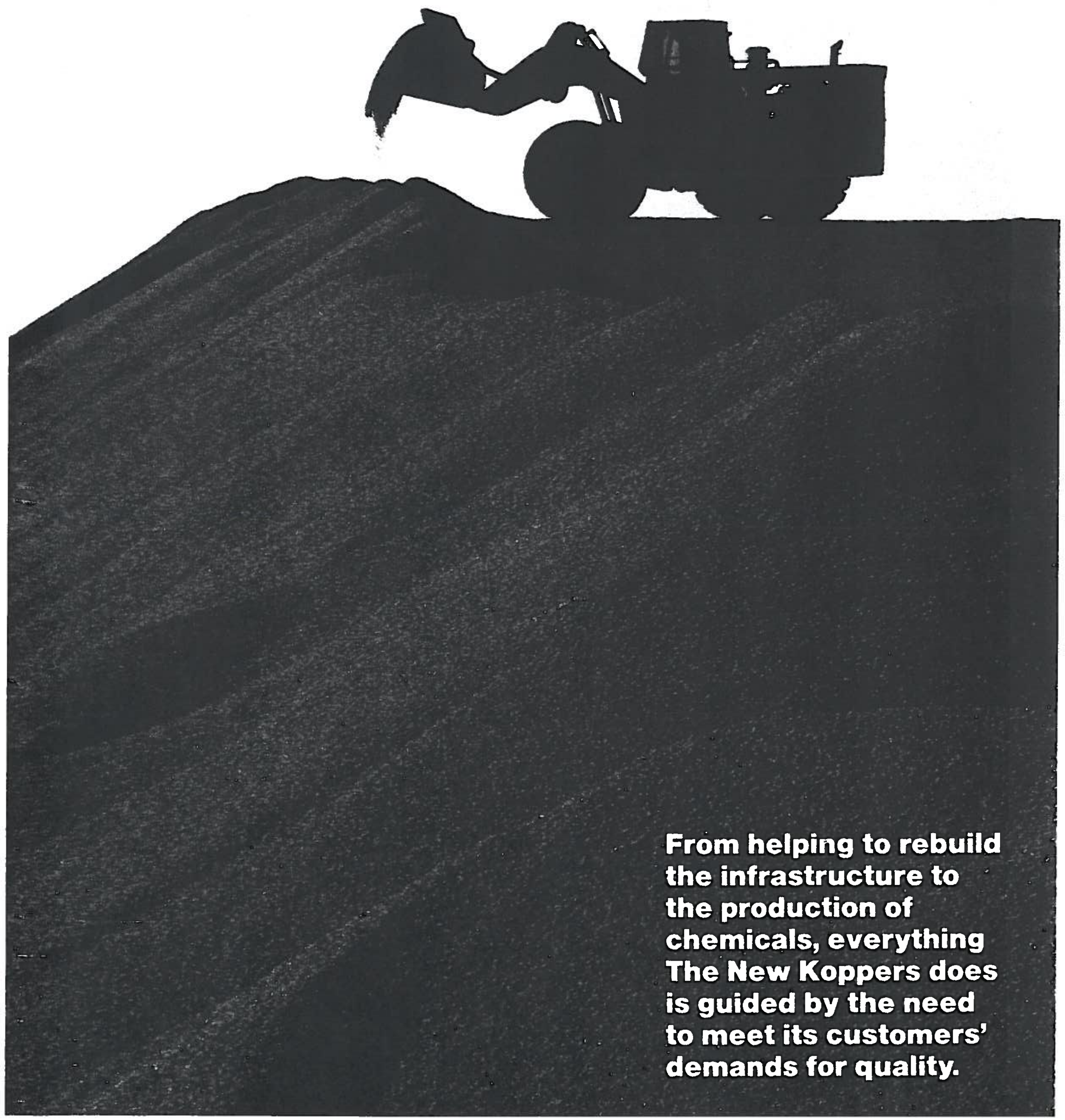
Non sudden - None in effect:

Contact: Mr Wyrdell Moody
798-8152

Contact:
PH #

Koppers 1984 Annual Report and Form 10-K

KOPPERS



About This Report:

We dedicate this annual report to our customers. In doing so, we celebrate The New Koppers—spearheaded by a strong employee group devoted to those customers and to the markets we serve. We have prepared illustrated essays like the one under this flap to let Koppers people tell, in their own words, how we excel at meshing our capabilities with the needs of the organizations to which we sell. The essays—nine out of a far larger potential—reveal the ways in which we carry out an indispensable mission: the provision of quality products and services at fair prices for a growing economy. The end result will be continuing rewards for our shareholders.

About the Cover:

A front-end loader sits high upon a pile of crushed stone at a Florida construction site. It is one of many such tools employed by our Construction Materials and Services group, which is heavily involved in the building, repair and maintenance of highways, bridges and all the other elements that make up the American infrastructure.

Koppers Company, Inc./1984 at a Glance

($ Millions, except per share figures)	1984	1983
Total sales from continuing operations	$1,816.6	$1,554.7
Income from continuing operations	$ 33.9	$ 29.5
Earnings per share of common stock:		
From continuing operations	$ 0.97	$ 0.78
Net to common stock	$ 0.79	$ 0.81
Dividends per share of common stock	$ 0.80	$ 0.80
Return on average common equity	4.1%	4.3%
Capital expenditures	$ 121.1	$ 68.6
Backlog at year end	$ 585.5	$ 580.7

About The New Koppers:

Koppers provides products and services for its customers in

- nonbuilding construction—highways, streets, railroads, bridges and pipelines.
- building construction—commercial, industrial and residential.
- the capital goods market—pulp and paper, feed and grain, machinery.
- the industrial market—aluminum, automotive, rubber, transportation, steel and other vital industries.

We have, in the past year, created a streamlined organization highly attuned to the needs of Koppers customers and the industries in which they operate.

In doing so, we have kept foremost in our minds the interests of our shareholders and employees. The priorities we have established to further those interests are threefold:

1. **To increase income and reach an 18% return on common shareholders' equity.**
2. **To sustain our strong financial condition as a base for growth.**
3. **To become involved in businesses and newer technologies that will, over time, counter the cyclical nature of our historic mix of operations and ensure more consistent earnings growth.**

Inside This 1984 Annual Report

Annual Meeting

The annual meeting of the shareholders of the Company will be held at 11 a.m. on Monday, April 29, 1985 in the Pittsburgh Room of The Westin-William Penn Hotel, Pittsburgh, Pennsylvania.

To Our Shareholders:

This was a mixed year. On the whole, I am encouraged by what 1984 brought us. We still have a good distance to go before any of us can be proud of our performance, but we did move in the right direction.

Some of our most nagging problems were resolved. The others are being managed. That is to say, we have a clear view of what they are, why they are, and how we should go about eliminating them when we can or minimizing them when we can't.

As we had anticipated, the infrastructure market came alive. Despite delays in federal funding, the gain in our construction materials and service business was impressive.

Other sectors of the construction industry also were active, which helped our sales of treated wood, specialized building products and other materials.

We enjoyed strong sales in the automotive industry, an important market for our coke, polyester resins, sealants and chemical products.

New orders—the stuff that feeds our future—increased.

The figures in the financial tables tell only part of the story.

The real operating gains appear only after looking past the fairly heavy one-time charges we took at the close of 1984. We chose to take those in order to put behind us the financial effect of several operating problems. Excluding the effect of these unusual items, which penalized 1984 results (contrasted with a meaningful benefit in 1983), as shown in the accompanying table, income from basic operations rose to $1.46 per common share after taxes, more than three times as high as 1983's level. Without these one-time charges, our 1984 return on common equity would have risen to 6.7%, which I view as the true base from which to measure our 1985 performance.

The problems we encountered in 1984 and the remedies we pursued are summarized in the following columns.

After-Tax Income From Continuing Operations

	1984		1983	
	$ Millions	Per Share	$ Millions	Per Share
Income From Operations	$47.9	$1.46	$19.5	$0.42
Unusual Items—Net	(13.9)	(0.49)	10.0	0.36
Income From Continuing Operations Including Unusual Items	34.0	0.97	29.5	0.78

Problems	Remedies
A strong U.S. dollar encouraged imports. It strained our competitive strength in domestic markets for certain equipment, chemicals and other processed materials. Price competition was intense in numerous product lines. Our ability to export products was seriously limited.	**To hone our competitive positions, we have looked for ways to manage our businesses better than our competitors manage theirs. We streamlined costs, invested in modern equipment, reorganized operations and introduced new or upgraded products.**
Expenses for roofing repair claims, growing out of problem installations, were among the substantial contributors to our unusual charges. So was the need to keep our current plants free of environmental hazard and to clean up our old sites.	**We discontinued the problem-plagued roofing product line in early 1984. To put the financial effect at year end from this and certain environmental obligations behind us, we charged nearly $14 million against our after-tax income.**
We began 1984 tied to the cyclical steel industry, where lack of modernization and renewal had led to continuing losses in our engineering and construction business.	**We sold the engineering and construction business, our founding unit, the one most people once thought of when Koppers was mentioned.**
Demand for phthalic anhydride rose, but prices plummeted because of falling petroleum prices and industry overcapacity. A substantial loss was incurred in this line.	**We are modifying our large Chicago phthalic anhydride plant to operate on dual feedstocks. This will give us increased flexibility and reduced operating costs.**
Despite greater unit sales, we suffered a loss also in piston ring operations. That was our fault. We failed to manage properly the requirement for a greater volume of efficient, high-quality production.	**Ways to improve productivity have been identified and are being implemented. Efforts are under way to restore profitability.**
We received an unexpected, unfavorable jury verdict in Inland Steel Company's suit against Koppers. (See page 41.) The matter is still being appealed.	**Through the appeal process, we will pursue every possibility of relief afforded to us by law in the Inland case.**

Dialogue with the chairman, second from left, is critical to the future of The New Koppers.

Strengths

None of what I've been talking about would serve any purpose if it didn't make the Company stronger, better able to survive and prosper through whatever the times may bring.

In 1984, we directed more than half of our expanded level of capital expenditures into our businesses serving infrastructure markets. These are regional operations where our positions are solid. They produced a return on total investment of more than 21% before taxes. In 1965, we had practically no involvement in this business. Now it has become our primary source of income.

The New Koppers is well on its way to becoming a company largely engaged in provision of construction materials and services, and specialized building products. Two forces now in motion in our society convince me this is a highly dynamic direction.

One is recognition at the highest government levels that extraordinary steps must be taken to reverse the deterioration of our nation's infrastructure. Second is the irreversible demographic trend now under way that, over the coming decade, will greatly expand the number of people in the 25-to-44 age category as a proportion of our population. This is leading to an increasing demand for housing, which in turn generates the need for other facilities.

To underscore our commitment to this marketplace, we have gathered our various units serving the building products field into one operating organization so that a unified growth strategy can be implemented. This group is now in place and is aggressively expanding our presence in the building products field.

Our container machinery operation has developed a flexographic printing system that can be used to retrofit offset presses used by newspapers and commercial printers. This strategic move opens up entire new markets as we develop profitable use for our human skills and modern plant facilities in the capital goods market. Our flexographic system was successfully demonstrated in 1984 and is now being marketed energetically. Such creative, cost-cutting innovations are called for in our capital equipment lines to combat the effects of the strong U.S. dollar in world markets.

The turnaround in profits in our coke operations illustrates the success that can be achieved by good management of mature "smokestack" industries. We are dedicated in each of our core—coal- and wood-based—businesses to produce similar recoveries in years to come.

Streamlined chemical operations overcame the pressures of foreign and domestic competition to provide acceptable 1984 returns. We expanded certain of these lines into new markets and will continue to explore ways to translate the Company's broad expertise in organic chemistry into profitable business opportunities.

A high-ranking AT&T executive commented recently:

"We have to give the customer what he wants, how he wants it and when he wants it. From now on, it's the customer who's going to call the shots."

We can't state it better. It sums up the purpose of all our organizational shifts, all our capital investments, all our planning and strategy.

Outlook

We are entering a year in which many business fundamentals appear highly encouraging. Inflation is low. Backlog is high. Economic indicators are generally positive. Funding for infrastructure work is moving up. Interest rates have moderated, but the direction is uncertain. So is the unprecedented strength of the U.S. dollar against foreign currencies. The outlook for housing and autos is certainly not discouraging.

While the array of economic information is complex, I do expect Koppers to continue its good progress in the coming year.

C R Pullin

Charles R. Pullin
Chairman of the Board
February 25, 1985

Faithful to the Challenge

What the future offers
How we rush to meet it

We enter the latter half of the 1980s prepared for whatever may confront us over the rest of the decade. Our view goes well beyond that span—it has to—but our focus is on the period immediately ahead, a time to build solid foundations for further growth to come.

Here are some of the strengths we take with us on our expedition into the future:

• We have put most of our major problems behind us. Others may arise. If they do, we will attack them with the lessons we have learned from the old ones. And our people will be armed with a company philosophy that tells us not just to be ready for potential brush fires, but to go scouting for them—and to stamp them out before they have a chance to spread.

• We have installed a new, streamlined organizational structure fleshed out by highly competent management personnel. This was possible because Koppers has always tried to provide opportunities for personal advancement to the very best of its people from the very start of their careers. As a result, we have assembled a corps of managers who combine diversified experience with the energies of relative youth.

• Even when our business was buffeted by heavy seas, we were able to complete installation of a modernized physical plant. The efficiencies we have thus achieved make us—or give us the potential to become—a low-cost producer in most of the markets we reach for.

• We have spotlighted the customer at the forefront of all our plans and expectations. Everything we do from now on will be guided by the knowledge that what the buyer demands is more important than what the seller would like to offer.

• Our financial condition remains sound. We are strong enough and flexible enough to activate plans that will propel us toward our goal of 18% return on equity.

• Guided by feedback from the marketplace, we are using the leverage of venture capital and sponsored research, along with increased in-house research, to assemble the capabilities to penetrate new areas of technology.

Evolving Markets

If the events of the past five years have taught us anything, it is that we live in a time that is more complex than our past. Wisdom based on the relationships of the past, if it is not obsolete, is to be constantly questioned. And the sensing mechanism that tells us what the customer and the marketplace are thinking and doing must constantly have our undivided attention.

As uncertain as the future can be, there are forces now under way that will have strong influence in shaping our markets. We work hard to observe and understand these influences in order to reduce the uncertainty of the future.

Fortunately, many of the signs here favor Koppers prospects. This is particularly true in two areas that have captured increasing attention of late: the need to rebuild the nation's infrastructure, and the demands of a changing population.

The Infrastructure

We have been talking for nearly a decade about the deterioration of America's infrastructure and the huge effort that will be required to put things right. Recognizing the vital task that lies ahead, early in 1984 the Joint Economic Committee (JEC) of the U.S. Congress estimated that the job would cost $1.2 trillion through the year 2000.

Here are some of the areas that have special significance for Koppers:

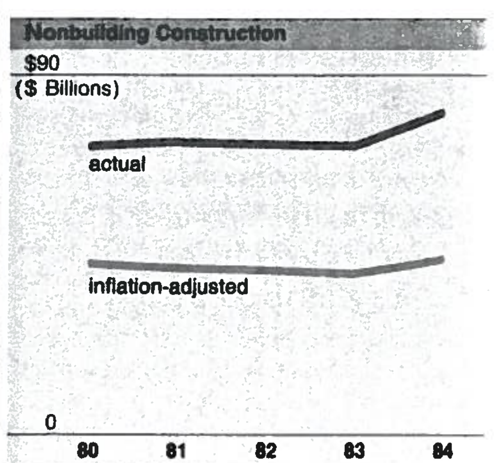
Highways and Bridges—Federal, state and local spending for highway construction, repair and maintenance hit a record $30 billion in 1984. The figure sounds good, but it really reflects a decline in actual work of 45% since 1968 when we take inflation into account. On the other hand, expenditures for the repair and maintenance segment have climbed at a *real* rate of 8% annually since 1980.

We expect this rapid growth to continue. The original plan for the national network of interstate highways is essentially complete. Now attention is turning to the condition of that system, which was begun in the mid-1950s. The hazardous state of many existing highways and bridges has aroused increasing concern. This has placed emphasis on "4R" work—resurfacing, reconstruction, rehabilitation and replacement—of the kind for which we have won an outstanding reputation.

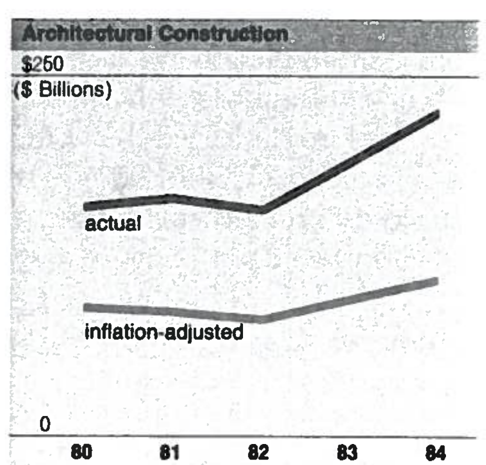
In preparation for what is to come, we have established ourselves as a leading —perhaps *the* leading—producer of materials for this market. The more than 53 million tons of stone aggregates we sold during 1984 places Koppers as one of the two largest suppliers in the U.S. The same is true for bituminous concrete, the primary material used for resurfacing. Our tonnage sales of that material have quadrupled over the past decade, reaching nearly nine million tons in 1984. Because the costs of transportation make this very much a local business, we have expanded our operations into many of the nation's

These four economic segments have the greatest impact on Koppers operations.

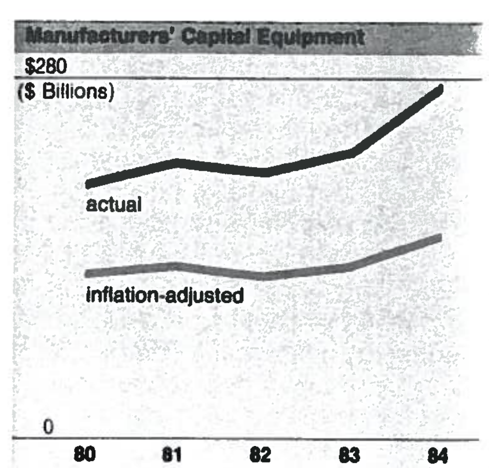
Nonbuilding Construction (48% of sales) —Housing starts, higher state revenues and the 5¢-per-gallon gasoline tax boosted construction and repair of highways, streets, bridges, sewers, utility lines and other infrastructure projects.



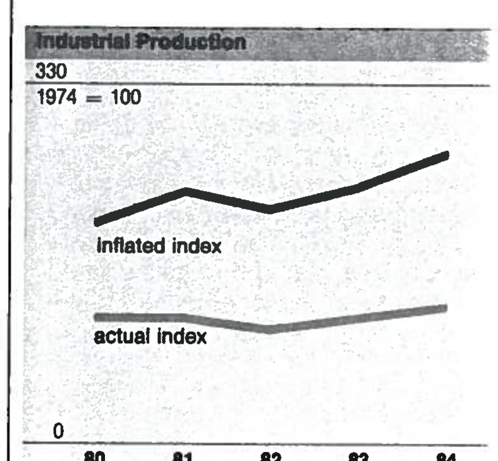
Architectural Construction (13% of sales) —The brisk rate of economic growth produced gains in housing starts and construction of stores, shopping centers, offices and industrial buildings. Lower interest rates continue to help.



Manufacturers' Capital Equipment (12% of sales)—Capital spending for industrial machinery and components turned up encouragingly during 1984. This development could benefit Company operations during the coming year.



Industrial Production (27% of sales)—Continued gains in autos, tires and consumer durables were positive factors. Expected slower economic expansion and growing overseas competition could limit industrial output during 1985.



Runway 25L, Los Angeles International Airport. Mal Packer, center, chief—Engineering Bureau, Department of Airports, City of Los Angeles; R. Kenneth MacGregor, president, and John A. Berton, vice president, Sully-Miller Contracting Company, subsidiary of Koppers.

We try to meet or beat the timetable on any job we do, and this one had to be completed well before the 1984 Summer Olympics began. Also, L.A. International—LAX—is the world's third busiest terminal. They can't shut down for even a minute. Our job was to take one of the airport's oldest runways, 25L, and make it the only one on the field that would meet the FAA's highest rating, Category III. Which we did. Let me point out that the job had to be completed not only quickly, but with the greatest attention to quality. We couldn't have done it—and I doubt that anyone else could have—without the help and concern of our Quality Control Department, whose people are the finest in the business. They were on the site every day, from start to finish. We built better than a mile and a half of runway, absolutely flat because one little bump at modern speeds could jar your shoelaces loose. We installed flush centerline lights as well as edge lighting, for zero landings and takeoffs, if they're ever allowed, because you know what L.A. fog is like. We used 35,000 miniature glass bottles to create an air space between the runway and an old tunnel. And you wondered what happened to the empties from those drinks the airlines serve in flight.

John Berton

fastest-growing areas. We will vigorously continue to pursue this geographic growth.

Bituminous concrete is used also for bridge paving and repaving, which require, as well, the use of treated wood, coatings and other Koppers products. In some locations, we offer complete bridge-building capability.

Not content to limit ourselves to supplying materials, we have aggressively moved forward into the marketplace as a provider of paving and other construction services that utilize our materials. That service business has grown by 50% since 1980 and now accounts for nearly 45% of the total sales for Construction Materials and Services. Here is what a distinguished financial publication has to say:

"The company's growth as an integrated paving contractor is sparking its comeback. . . . Koppers is shaping up as the U.S.'s first national paving company, the McDonald's of the blacktop business. . . . Happily for Koppers and others in the paving trade, a good part of the nation's highway grid will always need resurfacing, because of normal attrition and some perhaps not so normal."

Work needed in other infrastructure areas adds to our optimism.

Other Transportation Systems—The JEC study has identified public surface transportation as a segment that needs major upgrading. Commuter rail rehabilitation is slated for a major portion of this work, which, when combined with the activity already under way by private railroads to upgrade and maintain their rail lines, spells out an active market for our crossties, wood-treating chemicals and other products.

Other parts of the transportation system—airports; rivers, lakes and canals; and military and defense installations—present potentially large end uses for our construction materials, building products, and coatings.

Waste Water Collection and Treatment Systems—Some 42% of the country's 19,000 waste water collection systems at the start of the decade were judged in need of enlargement, upgrading or replacement. An especially nagging concern has to do with the integrity of roughly 460,000 miles of sewer main pipe now in place. Polyester resins are among the Koppers products that are being used in creative solutions to these problems.

Water Supply, Distribution and Water Treatment Systems—Here, again, the JEC study found great worry as to the structural integrity of the main pipe, more than 600,000 miles of it in place to serve an estimated 15,000 supply systems.

In short, there is hardly any segment of the infrastructure that does not represent a market for Koppers products and services.

Badly needed remedies can be deferred, but deferral exacts a toll of its own, in reduced efficiency, lost time, increased hazard and even human tragedy.

Demographics

The other area in which we see great opportunity for Koppers has to do with the demands of a changing population. Demography is the science of a population's vital and social statistics. It tells us a great deal about our people and allows us to draw conclusions about business opportunities.

For example, in the early 1970s, the population in place told us very specific things that would occur from 1985 to 1995. It told us that there would be many more people aged 30 to 50. Since this is the age during which family households are formed, it painted a rosy picture of the need for housing. Housing construction is the driving force not only for demand for many of Koppers building products, but also for streets, roads, shopping centers, utility lines and many other uses for our construction materials and services.

It was also very obvious in the early 1970s that the unprecedented mobility of Americans was leading them westward and southward. Since then, we have moved our construction materials business from virtually a total orientation toward the Northeast to the point where more than 80% of Construction Materials and Services 1984 sales were in the West and South.

Because families of all ages find much new housing beyond their financial reach, maintenance of older housing takes on great importance. Koppers building products emphasize high quality and permanence in the way they are used and are especially suited to this marketplace.

We expect these trends to continue. If they do, they will generate expanding markets for Koppers products and services, not only in housing but in all the auxiliary activity that accompanies home construction: the purchase of cars, appliances, furniture and other products. These in turn will benefit those products used in industrial production—chemicals, plastics, metals, paper and other items important to Koppers.

Looking for New Directions

None of this will do us much good unless we arrive at the future ready to grasp whatever it has to offer. The process of preparation is already far advanced. We realized some time ago that we could considerably enlarge our potential by taking advantage of what was offered by the great world outside our corporate walls. Three paths have carried us well along in that direction.

Acquisition—We will continue to seek out two kinds of enterprises, and only two: those whose strengths mesh well with our own, and those whose geographical locations take us into new areas of opportunity. We continue to actively pursue opportunities that meet these criteria.

Sponsored Research—Our five-year-old program of involvement with the academic community has grown to cover contracts at 11 universities for research into such areas as ion implantation, hydrogen storage and separation technology.

The program is not static. We are looking for new possibilities, and we have tightened the requirements to make for greater application to Koppers needs.

Venture Investments—The objectives here are twofold: first, as with any good investment, to make money for the Company's shareholders; second, to accelerate our entrance into new technologies and to shorten the time span between the emergence of ideas and their commercialization.

Kopvenco, the instrumentality by which we find and decide upon appropriate possibilities, is a wholly owned Koppers subsidiary that now has direct investments in 14 high-technology companies in the broad fields of microbiology, advanced materials and productivity improvement. (See page 40.) It also holds a share in others through participation in a separate venture capital fund.

Opportunities

The charts on pages 4-5 depict recently rising trends in the four segments of the economy that are Koppers major markets. A number of factors, including the condition of the infrastructure and the country's evolving population patterns, offer tremendous hope for the continued upward course of those lines, so indispensable to the fulfillment of Koppers aspirations.

To take advantage of the opportunities before us requires an unremitting application of all our internal resources. We have been—we will remain—faithful to the challenge.

College Park, Georgia. Mell Tolleson, vice president, Tolleson Lumber Company (licensee of Koppers); Al Luckstead, senior buyer, Wickes Lumber; Stephen D. Snyder, assistant sales manager, Specialty Wood Chemicals Division of Koppers.

We're all on the team—Koppers, Tolleson and Wickes. Tolleson Lumber Company is one of Koppers major licensees, which makes them one of the largest producers of Wolmanized pressure-treated lumber. The Tolleson organization has grown with that treated lumber from a single plant location to its present four owned and operating treating facilities located across the South. Tolleson is the major supplier to Wickes, which has 180 outlets in 21 states. In part, Tolleson's success can be attributed to the aggressive use of the marketing techniques Koppers provides to all of its licensees. In 1982, we hit the treating industry by surprise with guarantees on pressure-treated lumber. In a manner of speaking, we "packaged" Wolmanized pressure-treated lumber with a warranty label on the end of every board. This, in a very visible way, differentiated Wolmanized pressure-treated lumber from all the other treated lumber. Our warranty program gave credibility to the product and assurance to buyers that they were getting the "right stuff." It almost goes without saying that the strong marketing stance taken by Tolleson and the Wolmanized pressure-treated lumber warranty are two key ingredients that Wickes finds most attractive when it comes to buying and selling treated lumber.

Steve Snyder

Koppers Results by Business Segments (from continuing operations)

($ Millions)	Year	Sales	Operating Income (Loss)	During 1984	Near-Term Outlook
Chemical and Allied Products	**84**	**$ 884.8**	**$ 16.2**	Demand improved in automotive, steel, consumer durables, industrial production markets, with some tapering off at year end. Operating results were penalized by unusual, nonrecurring charges totaling $36.0 million. Sales, income gains were achieved in coke, polyester resins, crossties, certain chemicals. In wood-treating chemicals, unit volumes increased for home remodeling, new construction, but income declined because of competitive pricing.	**Moderate rate of economic expansion would maintain activity in automotive, railroad, consumer durables, other major end markets, but may not relieve competitive pricing conditions. Reduced production levels in aluminum, steel industries entering 1985 will affect carbon pitch, coke shipments. Lower interest rate levels should lead to gains in housing, remodeling, other building markets. Do-it-yourself wood treatments are being added to growing line of Koppers retail products.**
	83	$ 817.5	$ 35.3		
	82	$ 821.0	$ 19.5		
Construction Materials and Services	**84**	**$ 707.7**	**$ 66.8**	Earnings rose on strong demand in new construction, repair of highways, bridges, streets. Effect of 5¢-per-gallon federal gasoline tax, increased state taxes boosted activity. Results in most regions benefited from unusually good weather. Materials, construction services activity were especially strong in Western markets. Volumes rose in bituminous concrete for paving, steel reinforcing for concrete. Aggregate shipments were nearly 20% higher. Homebuilding activity increased. Coal operations income dropped because of weak demand, lower prices.	**Increases in federal highway funding, higher state fuel taxes for highway construction, repair should benefit aggregates, construction services. Increased capital spending for acquisitions, new equipment, quarries positions Koppers to take full advantage of regional market growth. Lower interest rates should generate rising demand for housing, resulting in new streets, sewers, stores, offices, other construction.**
	83	$ 546.9	$ 50.5		
	82	$ 512.2	$ 42.0		
Engineered Metal Products	**84**	**$ 220.4**	**$ 1.7**	Orders showed improvement in piston ring and seal, power transmission product lines from trucking, railroad, steel, petrochemical, pulp and paper, government contracts. Sales, income were behind last year's totals in Sprout-Waldron processing equipment lines. Lower costs helped container machinery reduce loss. Successful testing of flexographic printing process at major metropolitan daily newspaper, commercial printers is leading to full market introduction.	**Capital equipment spending is up. Competition for contracts is keen. Foreign suppliers occupy greater U.S. market share as result of strong dollar. Recovery is needed in pulp and paper, food and grain processing to fully benefit Sprout-Waldron lines. Commercial introduction of flexographic newsprint system could result in contract bids in late 1985 or 1986. Demand is improving for piston rings and seals, couplings; plenty of production capacity is available for added growth.**
	83	$ 186.8	$ 4.4		
	82	$ 215.5	$ 4.9		
Miscellaneous	**84**	**$ 3.7**	**$ 6.1**	Gains on sales of Richmond Tank Car, Genex stock offset lower interest income, equity investment losses.	
	83	$ 3.5	$ 1.9		
	82	$ 4.1	$ (50.7)		
Totals	**84**	**$1,816.6**	**$ 90.8**		
	83	$1,554.7	$ 92.1		
	82	$1,552.8	$ 15.7		
	84		**$ 23.4**	**General Corporate Overhead**	
	83		$ 17.3		
	82		$ 25.5		
	84		**$ 67.4**	**Income (Loss) Before Interest Expense and Income Taxes**	
	83		$ 74.8		
	82		$ (9.8)		

Koppers Sales to Major Economic Sectors

As the following table shows, Koppers sales go to four broad segments of the U.S. economy. The products and specific end markets within each segment that are most important to Koppers are listed in parentheses.

($ Millions)	Year	Sales	% Total	During 1984	Near-Term Outlook
Nonbuilding Construction (Materials, construction services used in highways, roads, bridges, streets, such other infrastructure facilities as railroads, utilities, pipelines; iron and steel)	**84**	**$ 865.5**	**47.7**	Rising revenues from fuel taxes spurred strong advances in new construction, maintenance spending for highways, streets, bridges. Activity in sewer, water projects rose 25% or more as financial position of states, localities improved. Conservation projects, such as dams, harbors, waterways, contracted slightly. With more freight traffic leading to higher revenues and operating profits, railroads increased rail line improvement. Investment in transmission, distribution facilities by utilities increased moderately.	**New construction, maintenance spending for highways, streets, bridges is expected to continue moving higher as federal, state and local funding grows, backlog of needs expands. Other public sector expenditures, except for military projects, may be under budget restraints, but small gains should be recorded. Private sector capital spending for nonbuilding projects will be limited to moderate gains as business expansion slows from the 1984 pace.**
	83	$ 662.2	42.6		
	82	$ 679.1	43.7		
Architectural Construction (Building products for commercial, industrial, residential structures)	**84**	**$ 242.0**	**13.3**	Housing starts reached 1.75 million units, 4% gain over 1983. Spending for residential additions, alterations rose by nearly 15%. Construction of stores, shopping centers surged, stimulated by strong economy. Industrial construction experienced moderate recovery after four weak years. Office building construction overcame rising vacancy rates to record solid gain.	**Lower interest rates are expected to help residential activity regain upward momentum, with new houses built at annual rate of 1.7 million or more. High spending levels should continue for additions, alterations. Construction of retail stores, factories is likely to register moderate increase, but falloff could occur in office buildings, other types of structures.**
	83	$ 229.5	14.8		
	82	$ 217.2	14.0		
Manufacturers' Capital Equipment (Components, machinery used in paper and packaging, transportation, agriculture, food and grain processing, steel, pipelines)	**84**	**$ 220.4**	**12.1**	Business investment in machinery, equipment increased by more than 20% last year, helped by sharp increase in corporate cash flow, rising capacity utilization rates, industry's need to become more competitive. Emphasis continued on high-technology equipment. Strong dollar eroded position of U.S. firms, with import share of capital goods nearly 26%, double late 1970s level.	**Upward trend in capital spending should continue through first half of 1985. Cash flow is expected to rise moderately, while capacity utilitization rates are stabilizing at about 82% level. Investment in capital equipment should increase moderately for such industries as paper and packaging, chemicals, petroleum, food and feeds, metals, machinery, aircraft. Further gains are expected for heavy truck components.**
	83	$ 186.8	12.0		
	82	$ 215.5	13.9		
Industrial Production (Products used by producers of chemicals, plastics, rubber, lumber and wood, ferrous and nonferrous metals, mineral ores)	**84**	**$ 488.7**	**26.9**	Industrial output scored broad-based advance for second consecutive year, rising nearly 11%. Foreign competition and the strength of the dollar, however, reduced export sales and subjected prices to severe downward pressure. Auto production climbed by more than one million units, stimulating demand for tires, foundry products, plastics, resins, coatings. Aluminum production moved up by more than 20%. Gains in output of pulp and paper, paperboard exceeded 5%.	**Output gains may reach only half or less of last year's because of slower pace of economic expansion, further erosion in merchandise trade balance resulting from strong dollar. Above-average growth is expected for such industrial sectors as chemicals, plastics, business equipment. Steel production will rise considerably if imports are held down through negotiated agreements. Industries unlikely to match average gains are autos, tires, lumber, paper, appliances.**
	83	$ 476.2	30.6		
	82	$ 441.0	28.4		
Total Sales	**84**	**$1,816.6**	**100%**		
	83	$1,554.7	100%		
	82	$1,552.8	100%		

This section covers, for the period 1982-1984, the performance of Koppers business segments, other factors in the Consolidated Statement of Operations (page 27) that materially influenced the financial results, changes in liquidity and use of capital resources that affected Koppers financial condition at the close of 1984.

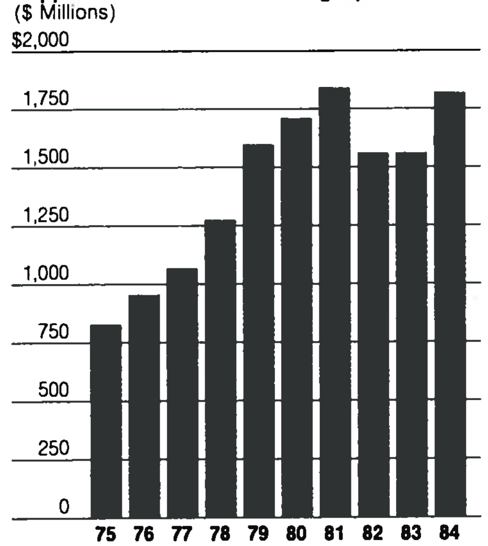
Results of Continuing Operations

Net Sales and Income

Sales rose 17% in 1984 as increases were recorded in all operating segments as a result of higher demand levels. Prices improved in certain product lines, but the strength of the U.S. dollar produced overall competitive pricing pressure from overseas suppliers.

Traditionally, Koppers sales are lowest in the first quarter and reach their peak during the second and third quarters, then begin to decline in the fourth quarter because of seasonal demand influences. Normally, the Company's income also follows this pattern, which is shown in the Quarterly Financial Data below. The Company posted a loss in the 1984 fourth quarter after recognizing the unfavorable net effect of certain unusual and nonrecurring charges. It recorded a profit in the same 1983 period.

Koppers Sales From Continuing Operations
($ Millions)



Chemical and Allied Products

($ Millions)	1984	1983	1982
Sales	**$884.8**	$817.5	$821.0
Operating income	**$ 16.2**	$ 35.3	$ 19.5

Sales increased 8% during 1984, but income fell 54% from last year, primarily because of the net effect of several unusual and nonrecurring charges that resulted from asset write-offs, environmental expenses related to previously operated properties, and reserves for product warranty claims. The net effect of these types of charges totaled $36.0 million in 1984 as compared with a net benefit of $1.4 million in 1983 and net charges of $17.2 million in 1982. Higher unit volumes and income were recorded in business lines serving automotive, consumer durables and railroad markets. Weak performances in other product lines offset this improvement.

Building Products Sector—Despite a slight sales increase, this unit experienced a large loss for the year. Building materials results were penalized by poor operating margins and the negative effect of most nonrecurring charges mentioned above. Demand increases are needed in the nonresidential building market to raise Koppers prospects in this business. Wood-treating chemicals income declined 13% on higher sales owing to competitive pricing among domestic and overseas suppliers. Laminated wood products income rose 20% from 1983 on increased activity in markets for low-rise commercial buildings and religious structures.

Chemical Systems Sector—Sales increased 13% during 1984 on higher unit volumes; however, severe pricing competition in most product lines prevented any income gain compared with last year's results. Polyester resins sales and income increased from the prior year on strong demand from automotive, marine, residential and consumer durables markets. Improved performances in resorcinol resins and adhesives were offset by lower results in other chemicals. Lower sales and income were recorded in the specialty coatings, sealant and adhesive lines. Acquisition of a production facility for high-quality sodium sulfite opens new pulp and paper markets for that product line.

Coal- and Wood-Based Products Sector—Income grew 25% from the previous year. Coke operations posted improved results in 1984 following a return to profitability in 1983. Increased demand from the steel and automotive industries boosted sales by 30%. Treated wood products results increased nearly 30% on higher demand and improved productivity. Railroad crosstie sales jumped 26%, reversing sales declines in the previous two years. New orders for track maintenance began to turn around in the second half of 1983 and continued throughout 1984. Utility pole and piling sales increased slightly in 1984.

Results for industrial products experienced a significant decline as total sales decreased 11% during 1984. Competitive pricing affected income in most product lines. Higher carbon pitch sales were more than offset by declines in creosote and phthalic anhydride. The Chicago phthalic plant is being converted to operate on dual raw materials. This will enable the facility to consume naphthalene generated from the Company's tar-processing operations.

n continuing operations)

ter	2nd Quarter		3rd Quarter		4th Quarter		Total	
1983*	**1984**	1983*	**1984**	1983*	**1984**	1983*	**1984**	1983*
284.7	**$464.1**	$377.0	**$525.8**	$449.0	**$479.8**	$444.0	**$1,816.6**	$1,554.7
30.8	**72.0**	56.2	**79.7**	71.6	**52.4**	62.0	**238.3**	220.6
(10.9)	**14.7**	11.0	**25.2**	21.0	**(2.4)**	8.4	**34.0**	29.5
(0.46)	**$ 0.46**	$ 0.33	**$ 0.83**	$ 0.68***	**$(0.13)**	$ 0.23	**$ 0.97**	$ 0.78***

; (Note 7).
able portion of Depreciation, depletion and amortization and Taxes, other than income taxes).
of $0.21.

I'll tell you right out: Koppers makes the finest foundry coke in the world. Period. Ford certainly believes they make the best-built cars in the world. So we're a pretty good team, because we're the Cleveland plant's major supplier of coke and we emulate them by saying, they're the biggest customer we have here at Erie, and "At Koppers, Quality is Job 1." Now they've motivated us to become the first coke producer to reach Q-1 status. We're well on the way. To show how stringent the requirements are, Q-1 ideally means that Ford could accept shipment of our product without having to inspect it. I'm sure inspecting coke is a big part of their expense and I'd be thrilled if I thought we could save them that expense. How? Well, we have a lot of flexibility in purchasing our raw materials and then blending them to produce the characteristics we're after. We can "fingerprint" each type of coal to tell us what it will yield. To attain this level of sophistication, we have added the most modern equipment and entirely replaced all of our instrumentation in the past five years. We have to improve on quality because the one thing we can't do at this point is to speed up production. To make foundry coke from coal takes about 27 hours. You can't hurry it without losing quality any more than you can hurry the nine months it takes to produce a full-term baby.

Bill Litzenberg

Management's Discussion and Analysis

Construction Materials and Services

($ Millions)	1984	1983	1982
Sales	**$707.7**	$546.9	$512.2
Operating income	**$ 66.8**	$ 50.5	$ 42.0

Sales and income rose strongly in 1984 because of a surge in spending for U.S. highways, streets, bridges, pipelines and other infrastructure projects. Sales increased nearly 30% during the year, following a 7% rise in 1983.

The 5¢-per-gallon addition to the fuel tax for highway spending had a substantial effect on the 1984 results, with the sales volume of aggregates moving nearly 20% higher than in the previous year. The benefit from this tax should remain until at least 1987, when the current program expires. Increased funds, available in most states, contributed to the strong demand for roadbuilding materials and services.

Higher sales in the first half of the year were due to dry spring weather, and sales in the East benefited from abnormally warm fall weather. In addition, activity in the California area was boosted by overall expansion in the West and projects in preparation for the 1984 Summer Olympics. Sales related to homebuilding increased slightly during the year. New orders and backlog totals were higher at year end compared with last year. Koppers total shipments of aggregates increased to 53 million tons in 1984. Cost-control efforts in 1984 included the addition of new processes to convert surplus sizes of aggregates into more salable sizes, and disposals of marginal operations.

Capital expenditures in 1984 covered the acquisition of paving and mechanical contractors in two states and purchases of mineral reserves and new equipment at numerous locations. In 1983, two civil construction companies were added.

Revenues from Koppers investment in Tennessee coal lands are included in this business segment. Koppers leases these lands for production to independent coal operators. Income from coal operations in 1984 dropped by 10% from the previous year owing to weak demand and lower prices.

Engineered Metal Products

($ Millions)	1984	1983	1982
Sales	**$220.4**	$186.8	$215.5
Operating income	**$ 1.7**	$ 4.4	$ 4.9

Despite an 18% increase in sales, operating income dropped for the third consecutive year. Spending for industrial capital equipment began to increase during 1984 and the year-end backlog rose 11% from the low levels of the previous two years. The 1982 results were reduced by $5.3 million in charges from disposals and cutbacks in certain businesses and inventory write-downs.

Sales and income were lower for the second consecutive year in the Sprout-Waldron processing equipment lines, primarily because of weak demand and an unfavorable product mix. New orders showed a slight increase from renewed capital spending for feed and grain mills. Container machinery operated at a slight loss for the year as compared with a significant operating loss last year. This improvement was due to increased corrugated machinery sales and lower operating costs. Industry spending for new equipment remains at extremely low levels.

Machinery component markets for diesel piston rings and shaft seals were mixed during 1984. Sales rose 39% after a 14% decline in 1983. Unit volumes in piston rings rose strongly, but results were affected by competitive pricing pressures and lower production yields. Most of the volume increase occurred in rings used in diesel truck engines. Shaft seal sales and income increased for the second consecutive year.

Power transmission couplings sales and income rose from the previous year on increased demand from steel, petrochemical, pulp and paper, and government markets. The year-end backlog was 68% higher, marking the first increase in three years.

Miscellaneous

($ Millions)	1984	1983	1982
Sales	**$3.7**	$3.5	$ 4.1
Operating income (loss)	**$6.1**	$1.9	$(50.7)

Miscellaneous sales and operating income include revenues received by Koppers from numerous investments other than the Company's basic operations. Sources include venture capital and other equity investments, short-term cash investments and others.

In 1984, Miscellaneous income included $5.9 million in gains from the sale of Richmond Tank Car Company stock, collection of a note receivable from that company's affiliate, and the sale of a portion of shares in Genex Corporation. Interest income was lower in 1984 than in 1983 because of reduced cash balances and lower interest rates. General corporate overhead costs increased in 1984 largely owing to higher research expenses and certain benefits and depreciation charges.

In 1983, Koppers sold a portion of its shares in Genex Corporation, which resulted in a gain of $12.0 million. Other 1983 amounts included $7.0 million in losses related to the canceled North Carolina synthetic fuels project and the investment in Richmond Tank Car Company.

Most of the 1982 loss resulted from the $39.3 million write-down of the investment in Richmond Tank Car Company.

Financial Results

Operating Expenses Rise

Trends in sales and profitability over the past three years were discussed in the preceding section. Their effect on Koppers profit performance is reflected generally in the relationship between Sales and Cost of sales, shown as part of the Operating expenses in the Consolidated Statement of Operations on page 27.

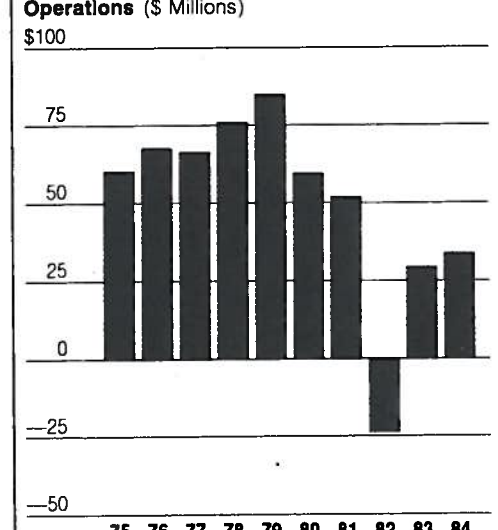
Cost of sales increased during the year in response to higher production levels. Wages and salaries rose because of increased hourly employment. Maintenance and repairs also increased because of production requirements. Included as part of Cost of sales in 1984 were unusual and nonrecurring expenses of $25.2 million related to product warranty claims. Excluding the effect of these charges, Cost of sales as a percentage of Koppers Sales has moved within a range of approximately 1% over the past three years, indicating that management is continuing efforts to monitor and control operating costs.

Operating profit improved for the second consecutive year, which is indicative of higher sales and containment of costs.

Depreciation, depletion and amortization was slightly higher than last year owing to increased capital spending. Also, Taxes, other than income taxes rose because of the higher social security tax rate and increased employment.

Selling, research, general and administrative expenses rose from last year, but

Income (Loss) From Continuing Operations ($ Millions)



Lancaster, Pennsylvania. Bruce W. Callaway, center, plant production manager, Ralston Purina Company; James R. Boose, feed industries marketing manager; and Roy W. Stiger, contract and systems manager, Sprout-Waldron Division of Koppers.

Ralston Purina is the world's leading producer of commercial animal feeds, so naturally we jumped at the opportunity when they asked us to build a mill for them in Lancaster, Pennsylvania. Bruce Callaway has three things to say about the job Sprout-Waldron did. One, it was a takeover with minimum start-up problems; they could supply their customers from day one. Two, the feed mill has always done what it was designed to do. Three, the mill is very easy to keep clean and it gives them quality products *on a constant basis.* Bruce says, "Those are the three things that come to mind real quick, and I mean them all." I feel I have a duty to quote a fine, honest fellow like Mr. Callaway. I asked whether everyone at Ralston Purina felt the same as Bruce. The answer I got was that they have asked us to build a similar facility in Florida. Now we've extended our reach overseas. For the feed mill we're building in Nanjing—formerly Nanking—the Chinese sent six of their people over here. We set up an eight-week training program for them, went over the design, led them through each piece of equipment, arranged further training at Kansas State U. They're good students, very keen. They write down everything. You better remember what you tell them, because if you don't they will.

Roy Stiger

Interest Expense Cut

For the third consecutive year, Interest expense declined by more than 10%. The 1984 drop of $3.3 million was due to a $35.5 million decline in average debt outstanding. This compares with a reduction of $3.2 million in interest expense in 1983 and $3.6 million in 1982. Total term debt declined $15.7 million from year-end 1983. Over the past three years, total term debt was reduced by $83.7 million and included the purchase of $30.0 million in debentures in 1983. See Note 4 (page 32) for details on the purchase of debentures.

Income Taxes Decline

Provision for income taxes was $10.3 million in 1984, down from 1983 expense of $18.8 million. The decline in income taxes was due to lower pretax income and higher investment tax credit. The effective rate for 1984 was 23.3% versus 38.9% for 1983. The most significant factors causing a lower tax rate were increased benefits from investment tax credit and the effect of percentage depletion over cost depletion. See Note 8 (page 34).

Foreign Operations*

($ Millions) Year ended December 31,	1984	1983**	1982**
Koppers identifiable assets:			
Foreign operations	**$48.3**	$49.8	$51.6
% of consolidated identifiable assets	**4%**	4%	4%
Canadian identifiable assets included above	**$10.5**	$17.5	$16.1
% of foreign operations identifiable assets	**15%**	35%	31%
Koppers revenues (net sales):			
From foreign operations	**$45.1**	$41.4	$47.4
% of consolidated revenues	**2%**	3%	3%
From Canadian operations included above	**$21.0**	$18.0	$25.5
% of foreign revenues	**46%**	43%	54%
Koppers income (after foreign and applicable U.S. income taxes):			
From foreign operations	**$ 2.4**	$10.1	$ 5.6
% of total net income	**7%**	34%	—
From Canadian operations included above	**$ 1.6**	$ 3.6	—
% of foreign income	**65%**	36%	—

*Koppers export sales are not included in this presentation as they constitute less than 5% of the Company's total sales and are not material.

**Restated to conform with 1984 classifications (Note 7).

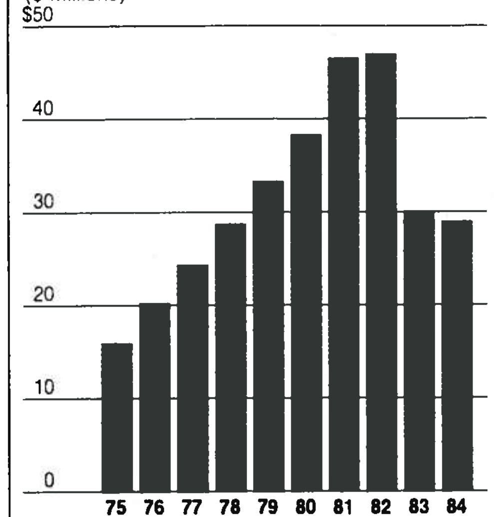
Koppers Selected Financial Data (from continuing operations)

($ Millions, except per share data)	1984	1983*	1982*	1981	1980
Operating results:*					
Net sales	**$1,816.6**	$1,554.7	$1,552.8	$1,851.1	$1,735.6
Income (loss) from operations	**$ 33.9**	$ 29.5	$ (23.5)	$ 52.1	$ 59.7
Income (loss) from operations —per common share	**$ 0.97**	$ 0.78**	$ (1.13)	$ 1.60	$ 2.19
At year end:					
Total assets	**$1,166.5**	$1,175.4	$1,192.9	$1,328.2	$1,389.5
Long-term debt	**$ 219.8**	$ 232.9	$ 275.7	$ 288.9	$ 308.7
Redeemable convertible preference stock	**$ 46.5**	$ 69.4	$ 75.0	$ 75.0	$ 75.0
Total long-term debt and redeemable preference stock	**$ 266.3**	$ 302.3	$ 350.7	$ 363.9	$ 383.7
Cash dividends declared per common share	**$ 0.80**	$ 0.80	$ 1.40	$ 1.40	$ 1.40

*Operating results restated to conform with 1984 classifications (Note 7).

**Per share figure excludes extraordinary gain of $0.21.

Total Dividends Paid
($ Millions)



Financial Condition Strong

Koppers continues to maintain a strong financial condition to provide an excellent base to fund additional growth and participate in the economic expansion.

Management has used the Company's high cash balance to provide for future growth and improve earnings. Capital expenditures in 1984 were increased significantly to expand and upgrade production facilities within growth areas serving less cyclical markets. The rise in expenditures reverses a three-year trend in which capital spending experienced a decline in reaction to depressed business conditions. Management reduced debt and purchased a portion of the Company's $10 convertible preference stock. These actions reduced pretax and after-tax charges. They are the major reasons for the substantial decline in cash compared with the two previous years, when efforts were directed toward conserving cash in response to economic conditions. These measures should improve future earnings and cash flow. The table on page 16 summarizes the funds generated by Koppers over the past three years.

Funds provided from operations continue to supply a large portion of the Company's financial needs. The high level of 1984 capital spending was satisfied entirely through funds generated by operations. However, there was a significant decline in cash generated from all sources during 1984. This was due primarily to reduced funds from operations, the absence of the extraordinary gain and common stock issued as a result of the purchase of debentures, and the decline in the sales of fixed assets.

Management's Discussion and Analysis

Koppers management follows a number of criteria to ensure the ability to maintain the required strong liquidity. Cash from operations is an important indicator. The levels of investment in components of working capital are another. Finally, the Company's debt-equity position and borrowing capacity complete the criteria. Each of these factors influences liquidity.

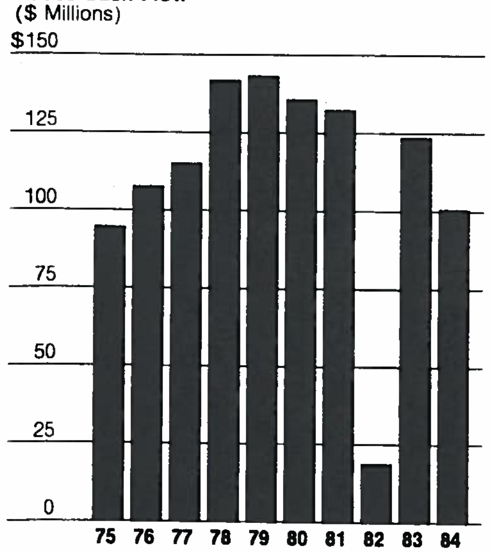
Gross Cash Flow Lower

While gross cash flow was reduced in 1984 to $100.4 million from $123.2 million in 1983, it continued to fund Company operations adequately. This provided the financial flexibility needed to respond quickly to changes in business conditions, as well as the ability to supply funds for future growth. (Gross cash flow is made up of net income minus preference and preferred dividends; plus depreciation, depletion and amortization; plus deferred income taxes.)

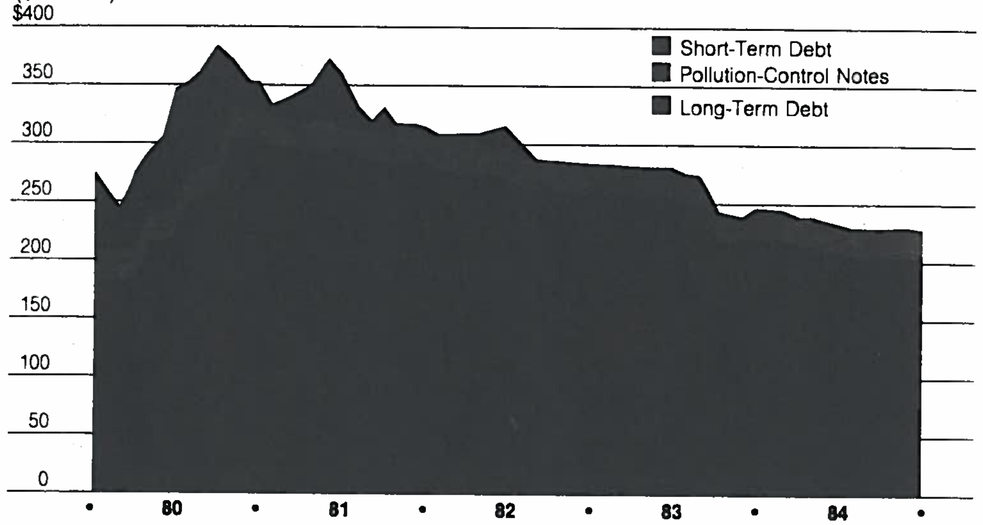
Cash flow would have been at about the same level as last year except for a significant swing in deferred tax expense. The change in deferred tax expense resulted from the 1983 reversal of the deferred tax benefits related to Richmond Tank Car Company, and the reduction of deferred tax expense in 1984 related to product warranty and other reserve provisions. Depreciation continued as the most consistent component of cash flow and experienced a slight increase in 1984 due to the rise in capital spending.

($ Millions)	1984	1983	1982
Gross Cash Flow	**$100.4**	$123.2	$18.6

Gross Cash Flow
($ Millions)



Debt Used to Support Operations
($ Millions)



Funds Generated by Koppers

($ Millions)	1984	1983*	1982*
Sources of cash:			
Funds from operations			
Income (loss) from continuing operations before extraordinary gain	$ 33.9	$ 29.5	$(23.5)
Depreciation, depletion and amortization	80.0	77.6	81.9
Deferred taxes and other expenses	8.8	21.0	(7.0)
Provisions for operations disposed of or closed and decline in value of investment	3.5	4.3	50.0
Equity in (earnings) losses of affiliates, less dividends received	1.3	15.2	15.0
Total from continuing operations before extraordinary gain	**$127.5**	**$147.6**	**$116.4**
Loss from discontinued operations	(5.2)	(4.9)	(15.0)
Depreciation, depletion and amortization	0.3	0.2	2.4
Deferred taxes and other expenses	—	2.1	2.4
Total from discontinued operations	**$ (4.9)**	**$ (2.6)**	**$(10.2)**
Funds provided from operations before extraordinary gain	$122.6	$145.0	$106.2
Extraordinary gain	—	6.0	—
Funds provided from operations	$122.6	$151.0	$106.2
Term debt issued	1.7	5.2	23.2
Sale of fixed assets	10.9	25.1	11.2
Common stock issued	0.1	12.0	2.2
Net decrease in working capital, excluding cash	10.0	4.9	55.0
Total	**$145.3**	**$198.2**	**$197.8**
Uses of cash:			
Capital expenditures	$121.1	$ 68.6	$ 76.7
Term debt retired	14.8	48.1	33.2
Dividends paid	29.0	30.1	47.1
Preference stock purchased	22.8	5.1	—
Receivables due after one year	6.5	0.8	8.5
Other	2.4	2.0	4.3
Total	**$196.6**	**$154.7**	**$169.8**
Increase (decrease) in cash	$(51.3)	$ 43.5	$ 28.0

*Restated to conform with 1984 classifications (Note 7).

Working Capital Reduced

Over the past three years, management has maintained close control of working capital. (Working capital is the surplus of current assets over current liabilities, and indicates the financial flexibility to meet day-to-day obligations, withstand adversity and pay dividends.)

Working capital declined $61.3 million from last year, primarily because of a $51.3 million decrease in the balance of cash held at year-end 1984. This was caused by a significant increase in capital expenditures, purchases of additional shares of preference stock and continued debt reduction. These uses of cash are intended to enhance Koppers growth and improve profitability. Increased product warranty reserves also reduced working capital as current liabilities rose $22.0 million.

($ Millions)	1984	1983	1982
Working Capital	**$221.0**	$282.3	$243.7

Debt Reduction Continues

Koppers used a small amount of short-term borrowing during 1984. The high cash balance together with the relatively strong level of internally generated funds supported working capital requirements. This is the second consecutive year in which the Company has not had to make extensive use of external financing and compares with an average level of short-term borrowings of $7.2 million, or 2% of total borrowings, in 1982. Over the past three years, Koppers has not acquired any additional long-term debt, except through acquisitions, and has reduced total term debt by $83.7 million.

Existing bank credit agreements, which provide up to $200 million in revolving credit loans, have not been exercised since the third quarter of 1982. Substantial capacity exists within the Company's economic structure to finance major expenditures externally.

During the past year, Koppers maintained the debt portion of its total capitalization at a low level. At 1984's close, total debt remained at 28% of total capitalization. The Company's debt level has averaged slightly below 30% over the past 10 years.

Baltimore Maryland. Merle W. Klink, manager-transportation sales and planning, Eastern region, Koppers; John Basso, assistant vice president of purchasing and materials, Chessie System Railroads.

We used to just run the Green Spring, West Virginia plant on a contract basis for Chessie System, and bought it in 1973. What they told us amounted to "You fellows know how to operate a treating plant. We know how to run a railroad. So why doesn't each of us concentrate on what he knows best?" The Green Spring plant supplies approximately one-half of all the creosote-treated cross and switch ties used by the Chessie each year. We buy the material from many small sawmills in the timber areas and the Chessie hauls the material on their tracks into the plant. We unload it, they grade it and we stack it for air seasoning and pressure-treat it about nine to twelve months later—a co-operative effort that has to work if the material is going to be available for the Chessie when they need it. Pressure treatment with creosote means the ties are going to last year after year, resisting attack by weather, insects and the impact of millions of tons of freight rolling over them in the course of a very long lifetime. Essentially, that's what we promise the Chessie about creosote-treated material: a long life for a product that's essential to the track structure of their railroad.

Merle Klink

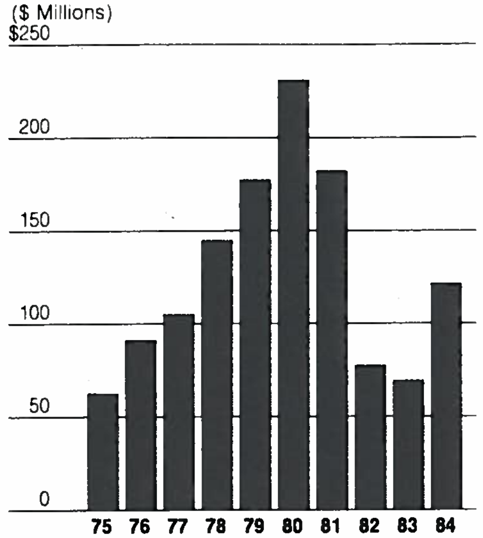
Capital Expenditures Higher

Koppers 1984 capital expenditures increased significantly, reversing a three-year decline. This high level of capital spending was funded entirely through internally generated sources, demonstrating the Company's financial flexibility in meeting current needs while maintaining a strong financial base to fund growth opportunities.

More than half of 1984's capital investment was concentrated on upgrading and expanding production facilities as well as acquiring companies in business lines serving less cyclical markets. The remaining expenditures were directed toward improving plant efficiencies and competitive positions in the Company's other core businesses.

Capital expenditures by business segment are shown in Table 6 (page 35). SEC Schedule V (page 36) shows most expenditures are for increases in Koppers property, plant and equipment to modernize, increase production capacity or improve efficiency at Company facilities. Major expenditures or acquisitions completed in the past three years are summarized as follows.

Capital Expenditures
($ Millions)



1984—Chemical and Allied Products started construction on an arsenic acid plant to supply a major raw material used in specialty wood chemicals. Work began on modernizing and converting the Chicago phthalic anhydride plant to be able to utilize an internally produced raw material. A production facility for high-purity sodium sulfite was purchased to expand Koppers participation in markets for that product. Work began on an electrical cogeneration facility (the Company's third such installation) at a large coke plant in Alabama to process excess energy for sale to the local utility.

Construction Materials and Services acquired two companies in New York and North Carolina that supply paving and road construction and specialized mechanical contracting services. Sizable amounts of operating equipment were purchased for various highway and civil construction projects in the U.S. and overseas. Expansion of quarry operations was completed in Pennsylvania and North Carolina. New production facilities as well as paving and construction equipment were added at numerous operating locations. Aggregate reserves were increased in North Carolina and at several other locations. A new wire mesh plant to produce concrete reinforcement materials was added in Texas.

New investments continue to be made through the Company's venture capital program in such areas as high-purity ceramic powders, pharmaceutical services and biological pesticides.

1983—Chemical and Allied Products completed a second plant to produce phenolic foam insulation board. An electrical cogeneration unit was installed at the Erie coke plant to process excess energy into electricity for sale to the local utility.

Construction Materials and Services acquired companies in South Carolina and Georgia that supply civil construction services. Other purchases included mineral deposits and related processing equipment in Oklahoma and New York. Quarry operations were expanded and modernized in Pennsylvania and North Carolina, and new crushing and paving equipment was added at several locations.

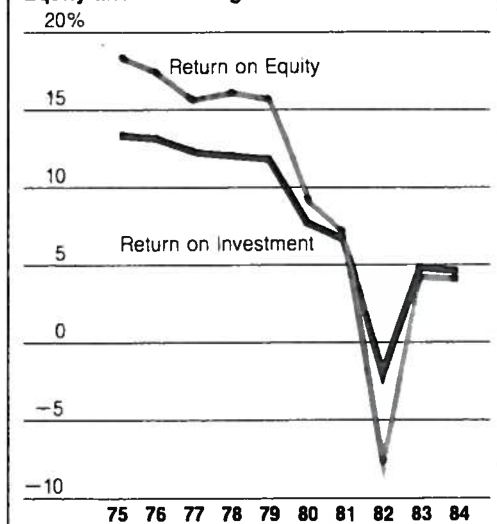
New investments through the venture capital program were made in developers of computer-aided design and manufacturing systems and computer software.

Koppers Total Capitalization

December 31,	1984 $ Millions	1984 % of Total	1983 $ Millions	1983 % of Total	1982 $ Millions	1982 % of Total
Total Debt						
11.25% Promissory notes	**$100.0**	**11.8%**	$100.0	11.3%	$100.0	10.9%
8.95% Note	**22.0**	**2.6**	26.0	2.9	60.0	6.5
Industrial development bonds	**34.3**	**4.0**	36.2	4.1	38.1	4.1
6% Notes	**23.0**	**2.7**	26.0	2.9	29.0	3.2
Pollution-control loans	**19.2**	**2.3**	19.3	2.2	25.2	2.7
Other	**21.3**	**2.5**	25.4	2.8	23.4	2.6
Debt due within one year	**13.4**	**1.6**	16.0	1.8	11.3	1.2
Total	**$233.2**	**27.5%**	$248.9	28.0%	$287.0	31.2%
Equity						
Common	**$551.8**	**65.2%**	$554.5	62.5	$544.1	59.1%
Preference*	**46.5**	**5.5**	69.4	7.8	75.0	8.1
Preferred	**15.0**	**1.8**	15.0	1.7	15.0	1.6
Total	**$613.3**	**72.5%**	$638.9	72.0%	$634.1	68.8%
Total Capitalization	**$846.5**	**100.0%**	**$887.8**	**100.0%**	**$921.1**	**100.0%**

*Debt ratios shown with redeemable preference stock included in debt for 1984, 1983 and 1982 would be 33.0%, 35.9% and 39.3%, respectively, of total capitalization, with equity being 67.0%, 64.1% and 60.7%, respectively.

Returns on Average Common Shareholders' Equity and on Average Total Investment



1982—Chemical and Allied Products completed one of two new plants built to produce the Company's new phenolic foam insulation board. Additional wood-waste-fired boiler systems were installed at plants to achieve energy savings. An electrical cogeneration facility was installed at a wood-treating plant, providing energy savings and income through sales of excess electricity to the local utility.

Construction Materials and Services increased aggregate reserves in California and added new facilities and equipment at several crushing plants.

Engineered Metal Products completed a new diesel piston ring manufacturing plant in Georgia during 1982, significantly increasing capacity and improving the overall efficiency of this product line. The Sprout-Waldron foundry was expanded to manufacture castings for the unit's own products in addition to those for customers.

The Company's venture capital program added investments in manufacturers of industrial robots and metallurgical materials. Koppers had previously acquired interests in such areas as genetic engineering, fiber optics and advanced ceramics.

Hagerstown, Maryland. George Kropkowski, sales engineer—Piston Ring and Seal Division, Koppers; Kenneth D. Goshorn, Supervisor—test engineers, Mack Trucks, Inc.

Mack Trucks makes one of the toughest engines in the world. This inspires us to make the most durable ring sets in the world. Right now, Mack has a standardized, published 300,000-mile truck warranty. We're working with them to develop plasma-coated piston rings that will run at higher pressures and temperatures, last longer and use less fuel. It helps that we have a lab at Koppers that is able to investigate and test new materials. And it helps that Mack loans us engines so we can make our valuations on a real-life basis. Mack and Koppers together are slugging it out against problems caused by high sulfur fuels and environmental regulations. Engines run hotter, so we have to utilize exotic materials and sophisticated designs to overcome this problem. Mack's success in coping with these and other headaches can be seen in the hundreds of thousands of trucks with the bulldog symbol on American roads, and even more in the Middle East, where service facilities can be almost as scarce as snowflakes in the desert. Our success can be seen in the fact that we started out supplying 10% of Mack's ring needs, and now are their major supplier.

George Kropkowski

Shareholder Information

Market for Koppers Common Stock and Related Security Holder Information
Koppers common stock, $1.25 par value, is traded principally on the New York Stock Exchange and is listed also on the Midwest and Pacific stock exchanges. The tables below present its high and low market prices, and dividend information. Cash dividends have been paid on these shares every year since 1944, the year the Company was incorporated.

Long-term debt agreements and the terms of Koppers cumulative preferred stock, $100 par value, 4% Series, and Koppers $10 convertible preference stock, no par value, include certain restrictive covenants. These, among other things, prohibit certain aggregate amounts of the Company's dividends and distributions on its stock from exceeding specified levels. The most restrictive provision, contained in a long-term debt agreement that matures in the year 1986, permitted $92,435,000 of consolidated earnings retained in the business to be available for cash dividends at December 31, 1984.

Continuing Growth of Participation in Dividend Reinvestment Plans
A total of 15% of Koppers shareowners participated in the Company's cost-free Dividend Reinvestment/Cash Payment Plan in 1984. The number of participants declined by 8% during the year, to 2,833. Participating shareholders invested $536,000 to purchase almost 27,900 additional shares during 1984. These plans enable shareholders, on a cost-free basis, to:

- Elect to invest common, preferred and/or preference dividends in shares of Koppers common stock; and/or
- Purchase additional Koppers common stock by making voluntary cash payments of $25 to $1,000 in any month.

Shareholders may obtain further information on these plans by writing to Mellon Bank N.A., Stock Transfer Section, P.O. Box 444, Pittsburgh, Pennsylvania 15230.

Cumulative Preferred Stock
The outstanding shares of cumulative preferred stock, $100 par value, 4% Series, may be redeemed at the option of the Company, as a whole or in part, at any time upon not less than 30 nor more than 60 days' notice, at $107.75 per share, together with accrued and unpaid dividends to the date fixed for redemption. Although the Company also has the right, with the approval of the Board of Directors, to repurchase cumulative preferred shares in the open market, it has no current plans to redeem or repurchase shares.

$10 Convertible Preference Stock
The outstanding shares of $10 convertible preference stock, no par value, may be converted into shares of common stock of the Company at any time, unless previously redeemed, at the conversion price of $28.75 per share, subject to adjustment in certain events. The preference stock is redeemable on not less than 30 days' notice at the option of the Company at a price of $105.00 per share in 1985 and declining by $1 per share each year through 1990. Koppers Board of Directors has authorized the Company to purchase up to 500,000 shares of convertible preference stock in the open market. A total of 229,000 shares were purchased in 1984 and 56,000 shares in 1983.

Equity Security Holders

Title of Class	Number of Shareholders of Record on March 7, 1985
Common Stock, $1.25 Par Value	17,354
Cumulative Preferred Stock, $100 Par Value	1,114
Convertible Preference Stock	480

Koppers Common Stock Statistics

	1984	1983	1982	1981	1980
Common stock price ranges on NYSE/Composite:					
High	**$23⅝**	$21⅞	$18¼	$27⅞	$35¼
Low	**17⅛**	15¾	11¼	16⅛	19
Close	**18**	21¾	16	17	25
Volume traded (in thousands)	**16,415**	12,890	11,445	8,781	7,780
% of shares outstanding	**57%**	46%	41%	32%	29%

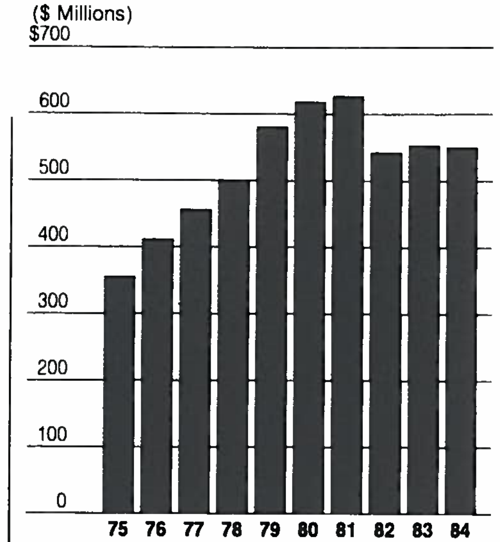
Quarterly Common Stock Price Ranges and Dividends

	1984			1983		
Quarter	**High**	**Low**	**Dividend**	High	Low	Dividend
1st	**$23⅝**	**$17½**	**$0.20**	$19	$15¾	$0.20
2nd	**23¼**	**18⅜**	**0.20**	21	16⅜	0.20
3rd	**22⅝**	**17⅞**	**0.20**	20½	17	0.20
4th	**22⅛**	**17⅛**	**0.20**	21⅞	16⅝	0.20

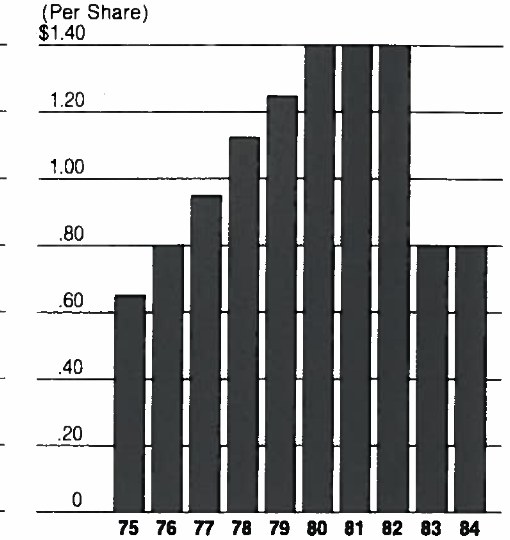
The Shareholders' Scorecard

This series of charts illustrates how owners of Koppers common stock have fared over the past 10 years. Value of the Company's common equity has remained virtually unchanged over the past three years. The dividend was lowered during 1983 as part of the efforts to maintain Koppers strong financial position until business conditions improve. Price of the common stock declined during 1984. The total return (stock appreciation plus dividends reinvested) has kept Koppers shareholders ahead of inflation. The chart on the bottom left shows that every $100 invested in Koppers common stock at the start of 1975 would have grown to $317.80 in total return—reinvested dividends plus price appreciation—by the end of 1984.

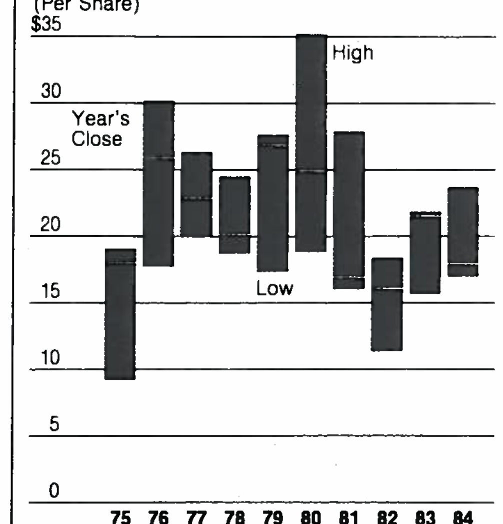
Common Shareholders' Equity
($ Millions)



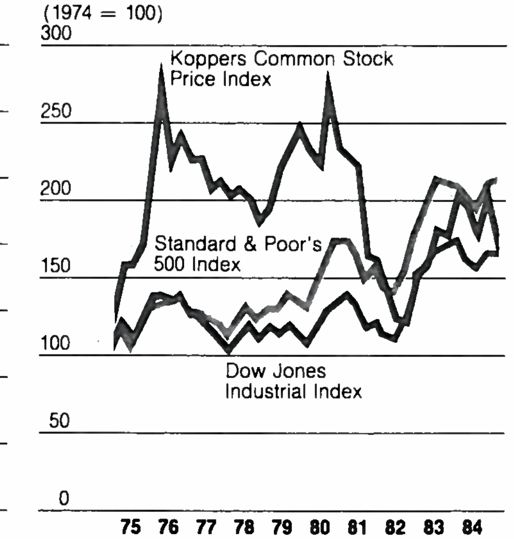
Annual Common Dividend
(Per Share)



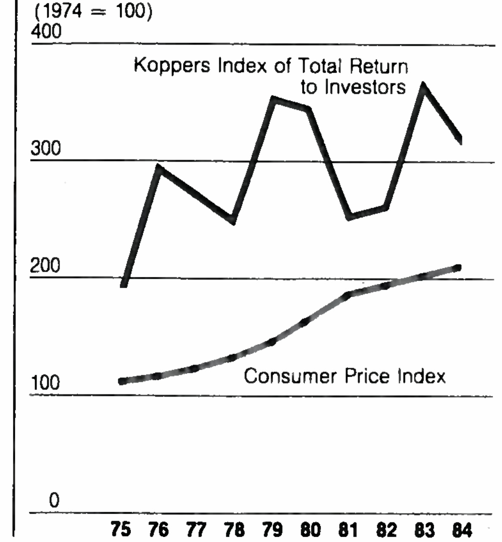
Common Stock Price Trend
(Per Share)



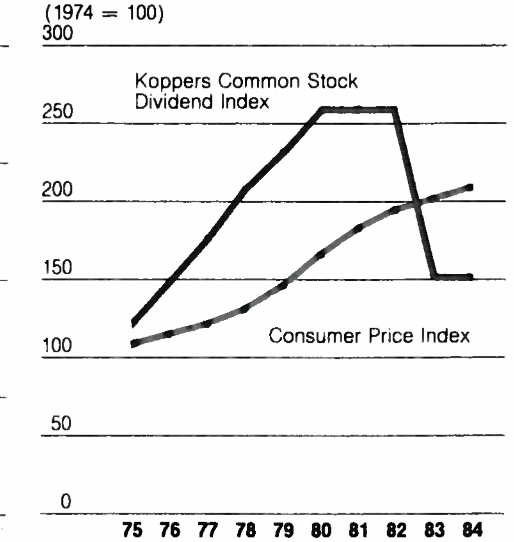
Common Stock vs. Market Indices
(1974 = 100)



Annual Total Returns to Shareholders
(1974 = 100)



Dividends Versus Inflation
(1974 = 100)



Vice President and General Manager—Chemical Systems Sector since 1984; formerly Vice President—Science and Technology since 1981 and Vice President—Environmental Resources and Occupational Health Department.

Glen C. Tenley 57 (1955)
Vice President and General Manager—Coal- and Wood-Based Products Sector since 1984; formerly Vice President and General Manager—Foundry and Industrial Supply Division since 1980 and Vice President and Manager—Purchasing Department.

John R. Brown, III 42 (1967)
Vice President and General Manager—Polyester Resin Division since 1984; formerly Vice President—Specialty Systems Division and Manager.

Key R. Caldwell 63 (1948)
Vice President and General Manager—Industrial Products Division since 1984; formerly Production Manager.

Patrick J. Denison 41 (1967)
Vice President and General Manager—Foundry and Industrial Supply Division since 1984; formerly Marketing Manager since 1983, Production Manager since 1980 and Plant Manager.

Robert K. Wagner 53 (1953)
Vice President and General Manager—Treated Wood Products Division since 1978.

Brooks C. Wilson 51 (1965)
Managing Director—Koppers Australia Pty. Ltd.

Other Officers

Jay A. Best 51 (1956)
Vice President and Manager—Traffic and Transportation Department since 1978.

Frank E. Davis, Jr. 60 (1962)
Vice President and Manager—Communications Department since 1983; formerly Vice President and Manager—Advertising and Public Relations.

Robert R. Moran 60 (1947)
Vice President—Purchasing since 1982; formerly Manager—Raw Materials.

John F. Ramser 52 (1970)
Vice President and Manager—Human Resources Department since 1980; formerly Assistant Secretary—Law Department.

Alvin L. Walters 56 (1976)
Vice President and General Manager—West Region since 1982; formerly President and General Manager—Western Paving Construction Company.

R. Kenneth MacGregor 62 (1978)
Vice President and Manager—West Coast Operations since 1982, and President and General Manager—Sully-Miller Contracting Company.

Robert A. Cruise 54 (1973)
President—Koppers International Canada Ltd., a wholly owned subsidiary since 1969.

Engineered Metal Products

Lester L. Murray 56 (1956)
Vice President and General Manager—Engineered Metal Products since 1983; formerly Vice President and General Manager—Sprout-Waldron Division.

Walter C. Arnold 60 (1962)
Vice President and General Manager—Container Machinery Division since 1978.

Hugh J. Blecki 54 (1956)
Vice President and General Manager—Piston Ring and Seal Division since 1978.

William D. Carty 53 (1973)
Vice President and General Manager—Sprout-Waldron Division since 1983; formerly General Manager—Pulp, Paper and Board Operations

Samuel W. Koster 65 (1974)
Vice President and General Manager—Power Transmission Division since 1978.

Sequentia is among the country's largest users of polyester resins, which we supply to them and which they reinforce with fiberglass. One thing we did was to help them consolidate. They were buying three or four different types of flame-retardant resins, and that gave them a huge inventory headache. They had drums all over the plant. They knew bulk was considerably cheaper than drums. So did we, of course, so we came along with a patented system that gave them the best price per pound with superior processability and ultraviolet resistance in end use. One trouble had been that if the flame-retardant panels ran through the 90-foot oven faster than the resin cured, you would get blistering or under-cured panels. We solved that one by increasing the cure speed of the resin system through a major change in the catalyst formulation. They were able to boost the line speed and eliminate on-line yellowing, which used to result in rejected panels. By the time we were finished, we had made it possible for Sequentia to run its line speed 20 to 25% faster, with practically no rejects or yellowing. We helped them. We helped ourselves. A customer is generally likely to appreciate that sort of thing.

Terry McQuarrie

Koppers 10-Year Financial Highlights and Operating Statistics

($ Millions, except per share data)		1984	1983*	1982*	1981	1980	1979	1978	1977	1976	1975
Sales by Business Group	Chemical and Allied Products	**$ 884.8**	$ 817.5	$ 821.0	$1,036.0	$ 935.3	$ 904.2	$ 777.1	$ 704.7	$ 625.6	$ 544.4
	Construction Materials and Services	**$ 707.7**	$ 546.9	$ 512.2	$ 578.6	$ 569.6	$ 480.6	$ 324.8	$ 194.4	$ 155.3	$ 135.6
	Engineered Metal Products	**$ 220.4**	$ 186.8	$ 215.5	$ 233.6	$ 229.1	$ 217.7	$ 180.6	$ 167.3	$ 171.3	$ 150.9
	Miscellaneous	**$ 3.7**	$ 3.5	$ 4.1	$ 2.9	$ 1.6	$ 1.5	$ 2.4	$ 1.4	$ 2.0	$ 1.4
	Total from continuing operations	**$1,816.6**	$1,554.7	$1,552.8	$1,851.1	$1,735.6	$1,604.0	$1,284.9	$1,067.8	$ 954.2	$ 832.3
	Discontinued operations	**$ —**	$ —	$ —	$ 58.6	$ 64.6	$ 224.3	$ 297.0	$ 287.9	$ 235.0	$ 243.2
	Total corporate sales*	**$1,816.6**	$1,554.7	$1,552.8	$1,909.7	$1,800.2	$1,828.3	$1,581.9	$1,355.7	$1,189.2	$1,075.5
Corporate Operating Expenses	Wages, salaries and pension expense	**$ 403.6**	$ 397.9	$ 350.1	$ 416.8	$ 390.6	$ 427.0	$ 359.1	$ 304.7	$ 276.0	$ 248.5
	Materials, supplies and services	**$1,227.6**	$ 986.5	$1,031.5	$1,265.7	$1,188.0	$1,164.2	$1,020.1	$ 866.2	$ 746.4	$ 675.1
	Depreciation, depletion and amortization	**$ 80.0**	$ 77.6	$ 81.9	$ 81.6	$ 76.7	$ 63.6	$ 52.7	$ 42.6	$ 37.8	$ 30.3
	Taxes, other than income taxes	**$ 51.0**	$ 41.5	$ 43.2	$ 46.3	$ 41.1	$ 40.1	$ 33.0	$ 26.2	$ 22.2	$ 19.7
	Total corporate operating expenses	**$1,762.2**	$1,503.5	$1,506.7	$1,810.4	$1,696.4	$1,694.9	$1,464.9	$1,239.7	$1,082.4	$ 973.6
	Operating profit	**$ 54.4**	$ 51.2	$ 46.1	$ 99.3	$ 103.8	$ 133.4	$ 117.0	$ 116.0	$ 106.8	$ 101.9
	Other income (expense)	**$ 13.0**	$ 23.6	$ (55.9)	$ 20.9	$ 11.7	$ 14.5	$ 24.9	$ 9.2	$ 15.1	$ 10.8
Operating Income (Loss) by Business Group (before corporate overhead)	Chemical and Allied Products	**$ 16.2**	$ 35.3	$ 19.5	$ 71.4	$ 66.8	$ 85.3	$ 68.9	$ 74.8	$ 72.0	$ 70.2
	Construction Materials and Services	**$ 66.8**	$ 50.5	$ 42.0	$ 66.4	$ 63.9	$ 60.5	$ 37.7	$ 22.2	$ 19.8	$ 16.6
	Engineered Metal Products	**$ 1.7**	$ 4.4	$ 4.9	$ 13.4	$ 9.5	$ 17.6	$ 15.4	$ 11.3	$ 16.3	$ 13.1
	Miscellaneous	**$ 6.1**	$ 1.9	$ (50.7)	$ (0.9)	$ (0.2)	$ 2.4	$ 21.4	$ 3.4	$ 8.2	$ 8.6
	Total from continuing operations	**$ 90.8**	$ 92.1	$ 15.7	$ 150.3	$ 140.0	$ 165.8	$ 143.4	$ 111.7	$ 116.3	$ 108.5
	Discontinued operations	**$ —**	$ —	$ —	$ (7.6)	$ (0.4)	$ 4.3	$ 16.4	$ 26.3	$ 17.5	$ 14.6
	Total operating income*	**$ 90.8**	$ 92.1	$ 15.7	$ 142.7	$ 139.6	$ 170.1	$ 159.8	$ 138.0	$ 133.8	$ 123.1
Corporate Income (Loss)	Corporate overhead (included in above expenses)	**$ 23.4**	$ 17.3	$ 25.5	$ 22.5	$ 24.1	$ 22.2	$ 17.9	$ 12.8	$ 11.9	$ 10.4
	Income (loss) before taxes and interest expense	**$ 67.4**	$ 74.8	$ (9.8)	$ 120.2	$ 115.5	$ 147.9	$ 141.9	$ 125.2	$ 121.9	$ 112.7
	Interest expense	**$ 23.2**	$ 26.5	$ 29.7	$ 33.7	$ 32.9	$ 20.6	$ 13.2	$ 11.8	$ 12.6	$ 11.8
	Income taxes (benefit)	**$ 10.3**	$ 18.8	$ (16.0)	$ 34.4	$ 22.9	$ 42.4	$ 52.7	$ 47.0	$ 41.8	$ 40.6
	Income (loss) from continuing operations	**$ 33.9**	$ 29.5	$ (23.5)	$ 52.1	$ 59.7	$ 84.9	$ 76.0	$ 66.4	$ 67.5	$ 60.3
To Common Shareholders	Preference and preferred dividends	**$ 6.1**	$ 7.7	$ 8.1	$ 7.9	$ 0.6	$ 0.6	$ 0.6	$ 0.6	$ 0.6	$ 0.6
	Income (loss) from continuing operations***	**$ 27.8**	$ 21.8**	$ (31.6)	$ 44.2	$ 59.1	$ 84.3	$ 75.4	$ 65.8	$ 66.9	$ 59.7
	Net income (loss)	**$ 22.6**	$ 22.9	$ (46.6)	$ 43.8	$ 53.4	$ 84.3	$ 75.4	$ 65.8	$ 66.9	$ 59.7
Financial Position At December 31,	Current assets	**$ 488.0**	$ 527.3	$ 490.1	$ 542.8	$ 644.9	$ 535.3	$ 530.4	$ 438.9	$ 427.1	$ 369.4
	Current liabilities	**$ 267.0**	$ 245.0	$ 246.4	$ 272.1	$ 319.9	$ 270.0	$ 247.7	$ 208.3	$ 167.7	$ 150.6
	Working capital	**$ 221.0**	$ 282.3	$ 243.7	$ 270.7	$ 325.0	$ 265.3	$ 282.7	$ 230.7	$ 259.3	$ 218.8
	Property, plant and equipment—net	**$ 607.3**	$ 583.2	$ 633.6	$ 679.1	$ 667.0	$ 555.8	$ 457.7	$ 378.1	$ 325.5	$ 255.3
	Total assets	**$1,166.5**	$1,175.4	$1,192.9	$1,328.2	$1,389.5	$1,140.7	$1,036.1	$ 870.3	$ 783.6	$ 679.7
	Term debt due after one year	**$ 219.8**	$ 232.9	$ 275.7	$ 288.9	$ 308.7	$ 224.2	$ 233.6	$ 152.0	$ 159.7	$ 132.6
	Total debt—% of total capitalization	**28%**	28%	31%	30%	32%	29%	32%	26%	28%	27%
	Common shareholders' equity	**$ 551.8**	$ 564.5	$ 544.1	$ 629.1	$ 619.5	$ 582.2	$ 498.3	$ 454.8	$ 410.2	$ 353.3
Data Per Common Share	Earnings (loss) from continuing operations***	**$ 0.97**	$ 0.78**	$ (1.13)	$ 1.60	$ 2.19	$ 3.21	$ 3.01	$ 2.64	$ 2.70	$ 2.49
	Net earnings (loss)	**$ 0.79**	$ 0.81	$ (1.67)	$ 1.58	$ 1.98	$ 3.21	$ 3.01	$ 2.64	$ 2.70	$ 2.49
	Common stock dividends	**$ 0.80**	$ 0.80	$ 1.40	$ 1.40	$ 1.40	$ 1.25	$ 1.125	$ 0.95	$ 0.80	$ 0.65
	Shareholders' equity	**$ 19.31**	$ 19.39	$ 19.49	$ 22.58	$ 22.41	$ 21.81	$ 19.86	$ 18.21	$ 16.50	$ 14.57
Other Statistics	Capital expenditures	**$ 121.1**	$ 68.6	$ 76.7	$ 182.1	$ 230.9	$ 177.1	$ 144.5	$ 104.5	$ 90.6	$ 62.2
	Gross cash flow	**$ 100.4**	$ 123.2	$ 18.6	$ 132.8	$ 134.6	$ 141.5	$ 141.7	$ 114.8	$ 107.3	$ 94.3
	Current ratio	**1.83-to-1**	2.15-to-1	1.99-to-1	1.99-to-1	2.02-to-1	1.98-to-1	2.14-to-1	2.11-to-1	2.55-to-1	2.45-to-1
	Return on average invested capital	**4.7%**	4.9%	(2.4%)	6.7%	7.7%	12.0%	12.1%	12.4%	13.4%	13.5%
	Return on average common equity	**4.1%**	4.3%	(7.8%)	7.2%	9.0%	15.8%	16.2%	15.6%	17.6%	18.5%
	Average common shares outstanding (thousands)	**28,599**	28,111	27,854	27,667	26,989	26,228	25,031	24,886	24,809	24,002
	Shareholders at year end	**19,190**	20,758	22,489	20,326	18,362	18,115	17,729	17,553	16,729	15,352
	Average number of employees	**15,612**	14,518	17,334	20,113	21,029	22,087	20,858	18,168	17,880	17,549

*Years 1983, 1982 restated to conform with 1984 classifications (Note 7). **1983 excludes extraordinary gain of $6.0 million, or $0.21 per share. ***Years prior to 1982 include the after-tax results of discontinued operations.

Index to Consolidated Financial Statements

Koppers Company, Inc. Covered by Report of Certified Public Accountants

Schedules I, II, III, IV, VII, IX, XI, XII and XIII are not given, as the subject matter thereof either is not present or is not present in amounts sufficient to require submission of the schedules or because the information required is included in the financial statements or the notes thereto.

Report of Certified Public Accountants

Arthur Young & Company
Certified Public Accountants

The Board of Directors and Shareholders
Koppers Company, Inc.:

We have examined the consolidated financial statements of Koppers Company, Inc. and subsidiaries listed in the accompanying Index to Consolidated Financial Statements. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements listed in the accompanying Index to Consolidated Financial Statements present fairly the consolidated financial position of Koppers Company, Inc. and subsidiaries at December 31, 1984 and 1983 and the consolidated results of operations and changes in financial position for each of the three years in the period ended December 31, 1984, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

Arthur Young & Company

2400 Koppers Building
Pittsburgh, Pennsylvania 15219
January 24, 1985

Statement of Accounting Policies

Koppers Company, Inc. and Subsidiaries

The major accounting policies of the Company are set forth below. The word "Company" as used in this report includes consolidated entities as well as Koppers Company, Inc.

Principles of Consolidation—The consolidated statements include the accounts of the Company and all of its subsidiaries. All intercompany transactions have been eliminated.

Inventories—Inventories are valued at the lower of cost or market. Cost for approximately 73% and 68% of inventories for 1984 and 1983, respectively, is determined by the LIFO (last-in, first-out) method. Cost for the remainder of the inventories represents average costs or standard costs, which approximate actual on the FIFO (first-in, first-out) basis. Market is replacement cost for raw materials and net realizable value for work in process and finished goods.

Fixed Assets—Buildings, machinery and equipment are depreciated on the straight-line method over their useful lives. Timber and mineral properties are depleted on the basis of units produced.

When land, standing timber or property units are sold, the difference between selling price and cost, after recognition of accumulated depreciation and depletion, is reflected as Other income.

Long-Term Contracts—Revenue on long-term construction contracts is accounted for on the percentage-of-completion basis; losses are recognized as soon as they are determined.

Pension Plans—The Company has pension plans covering substantially all employees. The Company provides for amortization of unfunded prior service costs over periods up to 40 years and pays provisions for pension expense into trust funds in accordance with ERISA requirements.

Income Taxes—Investment tax credits are accounted for under the "flow-through" method, which recognizes the benefit in the year in which the credit is utilized.

Earnings (Loss) Per Share—Earnings (loss) per share have been computed on the basis of the average number of common shares outstanding and do not include the assumed conversion of preference stock, which is antidilutive.

Consolidated Statement of Operations

Years ended December 31, 1984	*1983	*1982	Koppers Company, Inc. and Subsidiaries	Explanations
($ Thousands, except per share figures)				
$1,816,646	$1,554,707	$1,552,842	Net sales	1
			Operating expenses:	
1,463,772	1,229,127	1,216,399	Cost of sales	2
80,003	77,590	81,879	Depreciation, depletion and amortization	3
50,952	41,536	43,180	Taxes, other than income taxes	4
167,501	155,283	165,241	Selling, research, general and administrative expenses	5
1,762,228	1,503,536	1,506,699	Total operating expenses	
54,418	51,171	46,143	Operating profit	
			Other income (expense):	6
(3,072)	4,107	(16,869)	Profit (loss) on operations disposed of or closed (Note 7)	7
2,970	8,899	4,154	Profit on sales of capital assets	8
—	(1,185)	(40,362)	Provision for decline in value of investments (Note 2)	9
5,855	12,393	—	Profit on sale of investments (Note 2)	
854	(10,874)	(7,722)	Equity in earnings (losses) of affiliates (dividends received: 1984—$2,115; 1983—$5,283; 1982—$9,204)	10
6,404	8,448	4,372	Interest income	11
(25)	1,824	461	Miscellaneous	
12,986	23,612	(55,966)	Total other income (expense)	
67,404	74,783	(9,823)	Income (loss) before interest expense and provision (benefit) for income taxes	
23,162	26,440	29,670	Interest expense	12
44,242	48,343	(39,493)	Income (loss) from continuing operations before provision (benefit) for income taxes	
10,315	18,805	(15,995)	Provision (benefit) for income taxes (Note 8)	13
$ 33,927	$ 29,538	$ (23,498)	Income (loss) from continuing operations	14
			Discontinued operations (Note 7):	15
(1,675)	(3,595)	(10,729)	Loss from discontinued operations (less applicable income tax benefit: 1984—$1,427; 1983—$3,698; 1982—$10,428)	
(3,486)	(1,315)	(4,305)	Loss on disposal of discontinued operations (less applicable income tax benefit: 1984—$2,637; 1983—$1,121; 1982—$2,378)	
28,766	24,628	(38,532)	Income (loss) before extraordinary gain	16
—	5,960	—	Extraordinary gain on extinguishment of debt (Note 4)	
$ 28,766	$ 30,588	$ (38,532)	Net income (loss) for the year	
			Dividends on:	
5,533	7,080	7,500	Redeemable convertible preference stock	
600	600	600	Cumulative preferred stock	
$ 22,633	$ 22,908	$ (46,632)	Net income (loss) applicable to common stock	17
28,599	28,111	27,854	Average number of shares of common stock outstanding during year (in thousands)	
			Earnings (loss) per share of common stock:	
$ 0.97	$ 0.78	$(1.13)	From continuing operations before extraordinary gain	
$(0.18)	$(0.18)	$(0.54)	From discontinued operations	
$ —	$ 0.21	$ —	Extraordinary gain	
$ 0.79	$ 0.81	$(1.67)	Net earnings (loss)	

*Restated to conform with 1984 classifications (Note 7).
(See accompanying statement of accounting policies and notes to financial statements.)

Explanations

1. Total received, or receivable from customers. Excludes discontinued operations.

2. Directly related to operating levels: wages, salaries, raw materials, energy, transportation, pensions, supplies and services.

3. Related to the Company's investment in fixed assets—this portion of the original cost of machinery, plants, etc. has been allocated against the year's income.

4. Not closely related to operating levels: social security and unemployment taxes, state and local franchise and real estate taxes.

5. Salesmen's compensation, corporate staff and officers' salaries, pensions, and other general expenses.

6. Not resulting directly from sale of products or services, although most is included in operating income of business segments; see page 35.

7. Gain or loss realized from sale or write-off of assets of business lines or facilities.

8. Profit on sales of equipment, facilities, etc. no longer needed.

9. Recognition that the realizable value of an investment (Explanation 10, page 28) has fallen below the value carried on the balance sheet.

10. Represents Koppers portion of earnings or losses of companies in which it has 20%-50% ownership.

11. From short-term cash investments.

12. Cost of borrowed funds.

13. Total income taxes and credits: federal, state and foreign.

14. This was earned for all shareholders by businesses that will continue to be operated in future.

15. After-tax effect of decisions made in 1984 and 1982 not to remain in certain businesses.

16. After including all operations.

17. This portion of net income (loss) was applicable to common shareholders; in 1984, $22.9 million was paid in dividends.

Consolidated Balance Sheet

Assets

December 31, 1984	1983	Koppers Company, Inc. and Subsidiaries	
($ Thousands)			
		Current assets:	1
$ 67,005	$ 118,314	Cash, including short-term investments of $52,617 in 1984 and $104,354 in 1983	2
218,185	223,424	Accounts receivable, principally trade, less allowance for doubtful accounts of $5,453 in 1984 and $5,645 in 1983	3
10,347	20,363	Refundable federal income taxes	4
		Inventories (Note 1):	5
		At cost—FIFO (first-in, first-out) basis:	
125,985	124,017	Product	
36,209	33,217	Work in process	
91,498	78,173	Raw materials and supplies	
253,692	235,407	Total FIFO inventories	
92,028	90,577	Less LIFO (last-in, first-out) reserve	6
161,664	144,830	Total LIFO inventories	7
30,761	20,396	Prepaid expenses, including deferred tax benefits of $26,370 in 1984 and $15,406 in 1983	8
487,962	527,327	Total current assets	9
		Investments:	10
27,842	25,796	Affiliated companies, at equity	
13,125	10,248	Others at cost	
40,967	36,044	Total investments	
		Fixed assets, at cost:	11
136,039	132,229	Buildings	
1,005,451	932,892	Machinery and equipment	
1,141,490	1,065,121	Gross buildings, machinery and equipment	
666,128	605,214	Less accumulated depreciation and amortization	12
475,362	459,907	Net buildings, machinery and equipment	
80,583	81,209	Depletable properties, less accumulated depletion of $16,565 in 1984 and $14,957 in 1983	13
51,307	42,068	Land	
607,252	583,184	Net fixed assets	
30,325	28,859	Other assets, primarily notes receivable	
$1,166,506	$1,175,414	Total assets	14

(See accompanying statement of accounting policies and notes to financial statements.)

Explanations

This portion of balance sheet shows what Koppers owned.

1. Likely to be converted into cash within one year.

2. Primarily kept in bank accounts for normal business use or invested in short-term notes.

3. Amounts owed to Company by customers and others.

4. Income tax refunds.

5. Goods being stockpiled or used in the process of manufacturing or held for sale. Value of these inventories is based on the FIFO accounting method, which reflects the most recent cost of goods.

6. Company uses LIFO accounting for substantially all domestic inventories to charge current income with most recent costs of goods, thus eliminating illusory inventory profits.

7. LIFO value of inventory results in a reduction of asset values in comparison to FIFO or current values.

8. Amounts paid in advance for items to be rendered in the future, such as property taxes and rents.

9. See discussion of working capital on page 17.

10. Koppers ownership in other companies.

11. The original amount paid for Company-owned buildings, machinery and equipment.

12. Accumulation of the portion of the original amount paid for fixed assets that has been allocated to operating costs since the assets were purchased.

13. Cost of properties having exhaustible resources, such as timber, coal and stone, reduced for value of resources used in the past.

14. The total net cost assigned to everything Koppers owns.

Consolidated Balance Sheet

Liabilities and Shareholders' Equity

December 31, 1984	1983	Koppers Company, Inc. and Subsidiaries	
($ Thousands, except per share figures)			
		Current liabilities:	1
$ 69,422	$ 68,649	Accounts payable, principally trade	2
		Accrued liabilities:	3
4,745	4,314	Income taxes	
22,493	25,102	Pensions (Note 3)	
30,571	27,877	Insurance	
40,063	38,796	Payroll and other compensation costs	
29,742	10,367	Warranty reserves	
46,624	41,837	Other accruals	
9,993	12,066	Advance payments received on contracts	4
13,351	15,967	Term debt due within one year (Note 4)	5
267,004	244,975	Total current liabilities	6
219,809	232,897	Term debt due after one year (Note 4)	7
16,814	16,288	Deferred compensation (Note 6)	
49,544	42,377	Deferred income taxes	8
46,500	69,400	Redeemable convertible preference stock, no par value, stated value $100 per share: authorized 1,000,000 shares; issued and outstanding 465,000 shares in 1984 and 694,000 shares in 1983, 10% series (Note 5)	
15,000	15,000	Cumulative preferred stock (not subject to mandatory redemption), $100 par value: authorized 300,000 shares; issued and outstanding 150,000 shares, 4% series	
35,714	35,753	Common stock, $1.25 par value: authorized 60,000,000 shares; issued 28,610,834 and outstanding 28,571,217 shares in 1984; issued 28,610,834 and outstanding 28,602,313 shares in 1983	9
144,454	145,081	Capital in excess of par value	9
371,667	373,643	Earnings retained in the business (Note 4)	9
$1,166,506	$1,175,414	Total liabilities and shareholders' equity	

(See accompanying statement of accounting policies and notes to financial statements.)

Explanations

This portion of balance sheet shows everything Koppers owed.

1. These are liabilities payable within one year.

2. Due to suppliers for goods and services provided.

3. Amounts owed but not paid as of year end.

4. For services and products paid for by customers, which Koppers will provide in the near future.

5. Repayment of long-term debt and capital lease obligations required during coming year.

6. Company's current assets at year-end 1984 covered these liabilities by a current ratio of 1.83-to-1.

7. Borrowings used to expand Koppers income-producing base. This includes the present value of lease payments that will be made in the future.

8. Differences in accounting rules and tax regulations result in certain income and expenses in financial reports that are not included in tax reports in the same year. This total represents the taxes on the difference that will be paid in future years.

9. The total of these items, $551.8 million, represents the total common shareholders' ownership in Koppers at the close of 1984. Common equity was equal to $19.31 for each share of common stock outstanding at the close of 1984, versus $19.39 at the end of 1983.

Consolidated Statement of Changes in Financial Position

1984	Years ended December 31, 1983*	1982*	Koppers Company, Inc. and Subsidiaries	
	($ Thousands)			
			Source of funds:	1
			Operations:	
$ 33,927	$ 29,538	$ (23,498)	Income (loss) from continuing operations before extraordinary gain	2
80,003	77,590	81,879	Depreciation, depletion and amortization	3
8,741	20,958	(7,015)	Deferred income taxes and other expenses	4
3,502	4,277	50,037	Provision for operations disposed of or closed and decline in value of investments	5
1,291	15,211	14,988	Equity in (earnings) losses of affiliated companies, less dividends received	6
127,464	147,574	116,391	Total from continuing operations before extraordinary gain	
(5,161)	(4,910)	(15,034)	Loss from discontinued operations	7
304	267	2,403	Depreciation, depletion and amortization	
—	2,073	2,439	Deferred income taxes and other expenses	
(4,857)	(2,570)	(10,192)	Total from discontinued operations	7
122,607	145,004	106,199	Funds provided from operations before extraordinary gain	
—	5,960	—	Extraordinary gain on extinguishment of debt (Note 4)	
122,607	150,964	106,199	Funds provided from operations	
1,698	5,244	23,232	Term debt issued	8
62	12,044	2,165	Common stock issued	9
10,869	36,471	20,546	Book value of fixed assets and other noncurrent assets disposed of or sold	10
135,236	204,723	152,142	Total source of funds	11
			Disposition of funds:	12
121,060	68,621	76,677	Capital investments	13
14,786	48,070	33,157	Term debt retired	14
29,008	30,145	47,101	Dividends paid	15
22,808	5,045	—	Preference stock purchased	
820	155	1,529	Treasury stock acquired	
6,484	12,222	17,839	Issuance of receivables due after one year	16
1,664	1,866	2,760	Other	
196,630	166,124	179,063	Total disposition of funds	
$ (61,394)	$ 38,599	$ (26,921)	Increase (decrease) in working capital	17
			Changes in components of working capital:	18
			Increase (decrease) in current assets:	
$ (51,309)	$ 43,456	$ 28,034	Cash and short-term investments	
(5,239)	15,895	(57,345)	Accounts receivable	
(10,016)	7,261	13,102	Refundable federal income taxes	
16,834	(26,828)	(42,097)	Inventories	
10,365	(2,584)	5,683	Prepaid expenses	
(39,365)	37,200	(52,623)	Total increase (decrease) in current assets	
			Increase (decrease) in current liabilities:	
773	9,956	(17,006)	Accounts payable	
25,945	(8,213)	3,274	Accrued liabilities	
(2,073)	(7,817)	4,715	Advance payments received on contracts	
(2,616)	4,675	(16,685)	Term debt due within one year	
22,029	(1,399)	(25,702)	Total increase (decrease) in current liabilities	
$ (61,394)	$ 38,599	$ (26,921)	Increase (decrease) in working capital	

Explanations

1. Where the funds came from:

2. From line 14 on page 27.

3. This operating cost does not require the payment of funds, which are retained for use in the business.

4. Taxes and other expenses not paid currently, available for use in operations until the time when payment becomes due.

5. Plant write-offs and write-downs of investments reduced income but did not result in an outflow of funds. The amount by which income was reduced represents funds retained for use in the business.

6. Includes cash dividends received from certain equity affiliates plus the Company's portion of the earnings and losses incurred by affiliated companies that affected Koppers income, but did not affect the flow of funds.

7. Losses reported on income statement include certain expenses that did not require payment of funds, as explained in 3 and 4 above.

8. Borrowings explained on page 17.

9. Issuance of common shares to retire long-term debentures, plus value of shares contributed to Employee Savings Plan.

10. Received from disposal of equipment, facilities, etc. no longer needed in operations.

11. Total funds from all sources.

12. Where the funds went:

13. To provide further growth.

14. Repayment of obligations, including retirement of long-term debentures.

15. Returns to common, preference and preferred shareholders.

16. Includes notes received on sale of certain investments and assets.

17. Subtracting funds paid out from funds generated results in a change in working capital employed.

18. This section shows how the change in current assets and current liabilities affected the change in working capital.

*Restated to conform with 1984 classifications (Note 7). (See accompanying statement of accounting policies and notes to financial statements.)

Consolidated Statement of Shareholders' Equity Other Than Redeemable Convertible Preference Stock

Koppers Company, Inc. and Subsidiaries (Amounts in thousands, except outstanding shares and per share figures)

	Outstanding Shares: Cumulative Preferred Stock	Outstanding Shares: Common Stock	Cumulative Preferred Stock	Common Stock	Capital in Excess of Par Value	Foreign Currency Translation Adjustment	Earnings Retained in the Business	Total
Balance at December 31, 1981	150,000	27,855,478	$15,000	$34,819	$132,935	$ —	$461,298	$644,052
Net loss for the year 1982			—	—	—	—	(38,532)	(38,532)
Cash dividends paid:								
On preference stock, $10.00 per share			—	—	—	—	(7,500)	(7,500)
On preferred stock, $4.00 per share			—	—	—	—	(600)	(600)
On common stock, $1.40 per share			—	—	—	—	(39,001)	(39,001)
Purchase of common stock for treasury		(101,804)	—	(127)	(1,402)	—	—	(1,529)
Common stock issued during 1982:								
Contributed to Employee Stock Ownership Plan		53,696	—	67	645	—	—	712
Common stock issued from treasury to Employee Savings Plan		103,464	—	130	1,323	—	—	1,453
Balance at December 31, 1982	150,000	27,910,834	15,000	34,889	133,501	—	375,665	559,055
Net income for the year 1983			—	—	—	—	30,588	30,588
Cash dividends paid:								
On preference stock, $10.00 per share			—	—	—	—	(7,080)	(7,080)
On preferred stock, $4.00 per share			—	—	—	—	(600)	(600)
On common stock, $0.80 per share			—	—	—	—	(22,465)	(22,465)
Purchase of common stock for treasury		(8,741)	—	(11)	(144)	—	—	(155)
Common stock issued during 1983:								
Extinguishment of debt (Note 4)		700,000	—	875	11,165	—	—	12,040
Common stock issued from treasury to Employee Savings Plan		220	—	—	4	—	—	4
Retirement of 56,000 shares of redeemable convertible preference stock (Note 5)			—	—	555	—	—	555
Foreign currency translation:								
Initial adjustment (net of $121 in related income tax benefits)			—	—	—	(2,007)	—	(2,007)
Current year (net of $33 in related income tax benefits)			—	—	—	(458)	—	(458)
Balance at December 31, 1983	150,000	28,602,313	15,000	35,753	145,081	(2,465)	376,108	569,477
Net income for the year 1984			—	—	—	—	28,766	28,766
Cash dividends paid:								
On preference stock, $10.00 per share			—	—	—	—	(5,533)	(5,533)
On preferred stock, $4.00 per share			—	—	—	—	(600)	(600)
On common stock, $0.80 per share			—	—	—	—	(22,875)	(22,875)
Recovery of common stock via escrow claim		(34,156)		(43)	(777)			(820)
Common stock issued from treasury to Employee Savings Plan		3,060	—	4	58	—	—	62
Retirement of 229,000 shares of redeemable convertible preference stock (Note 5)			—	—	92	—	—	92
Foreign currency translation:								
Current year (net of $113 in related income tax benefits)			—	—	—	(1,734)	—	(1,734)
Balance at December 31, 1984	150,000	28,571,217	$15,000	$35,714	$144,454	$ (4,199)	$375,866	$566,835

(See accompanying statement of accounting policies and notes to financial statements.)

Notes to Financial Statements

December 31, 1984, 1983 and 1982

1. Inventories—During 1983 and 1982, inventory quantities were reduced. This reduction resulted in a liquidation of LIFO inventory quantities carried at lower costs prevailing in prior years as compared with the cost of purchases in current years, the effect of which increased net earnings in 1983 and 1982 by approximately $3,104,000, or $0.11 per share, and $13,297,000, or $0.48 per share, respectively. There was no LIFO liquidation during 1984.

2. Investments

Genex Corporation—The Company has reduced its investment in Genex to 26.0% ($6,578,000) at December 31, 1984 from 37.3% ($11,567,000) at December 31, 1982 through the sale of Genex shares. This resulted in a pretax gain of $915,000, or $659,000 after tax ($0.02 per share), and a pretax gain of $11,999,000, or $8,640,000 after tax ($0.31 per share), during the years ended December 31, 1984 and 1983, respectively. Equity losses during the years ended December 31, 1984, 1983 and 1982 were $900,000, $1,684,000 and $2,257,000, respectively. The quoted market value of the Company's investment in Genex at December 31, 1984 was $5.375 per share, or $17,846,000.

Richmond Tank Car Company (RTC)—Through the recognition of equity losses of $6,925,000 and $4,518,000 during 1983 and 1982 and a write-down of $39,304,000 in 1982, respectively, the Company reduced its investment in RTC to zero prior to December 30, 1983. On December 30, 1983, the Company sold the investment in RTC to First Boston Corporation for $394,000. In early 1984, under terms of the agreement with First Boston, the Company realized a pretax gain of $3,922,000, or $2,824,000 after tax ($0.10 per share), upon the subsequent sale of the stock by First Boston. Also in 1984, the Company realized a pretax gain of $1,018,000, or $550,000 after tax ($0.02 per share), on the sale of a note receivable from an RTC subsidiary.

Synfuels—In February, 1984, the Company's project to construct a synthetic fuel facility (peat-to-methanol plant) through a partnership, Peat Methanol Associates, was canceled upon the Synthetic Fuels Corporation's decision not to provide additional financial assistance. During 1984, 1983 and 1982, the Company recognized $1,553,000, $7,669,000 and $6,689,000, respectively, of equity losses from its synthetic fuel investments.

3. Retirement Plans

Company Plans—Total pension expense for continuing operations in 1984 was $20,500,000, as compared with $21,825,000 and $23,813,000 in 1983 and 1982, respectively. The pension expense decrease in 1984 was due primarily to a decrease in the salary scale assumptions and the accrual of interest for excess plan assets. During 1983, there were substantial reductions in the Company's work force, the net effect of which reduced pension expense in 1983 by $3,693,000 and increased net income by $1,835,000, or $0.07 per share. A comparison of accumulated plan benefits and plan net assets for the Company's defined benefit plans as of December 31, 1984 and 1983 is presented below.

($ Thousands)	1984	1983
Actuarial present value of accumulated plan benefits:		
Vested	**$264,604**	$223,387
Nonvested	**28,521**	26,423
	$293,125	$249,810
Net assets available for benefits	**$376,309**	$352,852

The rate used in determining the actuarial present value of accumulated plan benefits was 10%. The actuarial present value of accumulated plan benefits is less than that considered in calculating the funding requirements of the plan partly because of differences in actuarial assumptions relating to future salaries, wages and interest.

In addition to providing pension benefits, the Company and its subsidiaries provide certain health and life insurance benefits for retired employees. Those benefits are provided through insurance contracts whose premiums are based on the benefits paid during the year. The Company recognizes the cost of providing these benefits by expensing the annual insurance premiums, which were $2,782,000 for 1984, as compared with $2,083,000 and $1,777,000 in 1983 and 1982, respectively.

Multiemployer Plans—In addition to the expense for the Company-sponsored plans, the Company had pension expense for full-time employees of $6,282,000, $5,907,000 and $4,647,000 in 1984, 1983 and 1982, respectively, for contributions to multiemployer plans as determined by various collective bargaining agreements. The relative position of the Company regarding the accumulated plan benefits and plan net assets of multiemployer plans is not determinable by the Company and is not included in the above information.

4. Term Debt—Term debt due after one year is shown in Table 1.

The aggregate term debt maturity in the years 1985 through 1989, respectively, is $13,351,000, $18,286,000, $17,348,000, $17,555,000 and $17,081,000.

Extraordinary Item—In September, 1983, the Company issued 700,000 shares of its common stock valued at $17.20 per share plus $12,000,000 cash to Metropolitan Life Insurance Company in exchange for $30,000,000 principal amount of its long-term 8.95% promissory notes due May 15, 1998. This transaction resulted in an extraordinary tax-free gain of $5,960,000, or $0.21 per share.

Additional Debt Information —The Company has a revolving credit bank loan agreement that provides for revolving credit loans of up to $200,000,000 until September 30, 1986. Commitment fees of up to ⅜ of 1% per annum are required on any unborrowed amounts. Any loans outstanding on September 30, 1986 may be converted to term loans payable during the succeeding three years. The agreement calls for interest at one of three options chosen by the Company, those being the prime rate, the certificate of deposit rate or the Eurorate, with factors up to $\frac{7}{10}$ of 1% added to these rates after September 30, 1985. The Company had no borrowings under this agreement in 1983 or 1984.

The Company's term debt agreements contain various restrictions as to dividend payments and incurrence of additional indebtedness. As of December 31, 1984, under the most restrictive provisions, $92,435,000 of consolidated earnings retained in the business was available for the payment of cash dividends, and the Company could incur additional indebtedness of approximately $176,874,000.

Table 1. Term Debt

($ Thousands)	1984	1983
11.25% promissory notes due $6,500 annually beginning 1986, $9,000 balance due in 2000	**$100,000**	$100,000
8.95% promissory notes due $4,000 annually	**22,000**	26,000
6% notes due $3,000 annually	**23,000**	26,000
Pollution-control bonds and notes:		
8.25% bonds due 1985-2002	**33,300**	35,200
5.875% tax-exempt bonds due 1998-2017	**16,350**	16,350
5.9% and 6% notes due 1985-1998	**9,650**	10,010
Other	**15,509**	19,337
	$219,809	$232,897

5. Redeemable Convertible Preference Stock—In 1984, the Company's Board of Directors authorized the purchase of an additional 250,000 or a maximum of 500,000 shares of convertible preference stock (preference stock) on the open market. Since the original authorization in 1983 (250,000 shares), the Company has purchased 229,000 and 56,000 shares in 1984 and 1983, respectively, with the shares returning to unissued status.

Each share of the Company's preference stock is convertible into 3.48 shares of the Company's common stock. The Company may redeem the preference shares in 1985 at $105 per share, declining by $1 per share each year through 1990. Beginning in 1990, the Company is required to make sinking fund payments at $100 per share sufficient to retire 37,500 shares of preference stock annually except that prior redemptions or conversions may be applied to such requirements at the Company's option.

The Company may not pay cash dividends on common or preference stock if required sinking fund payments are not made. If preference stock dividends are in arrears for an amount equal to more than six quarterly dividends, the holders of preference stock may then elect two directors.

6. Employee Compensation Plans

Deferred Compensation Plan—The Company has a Deferred Compensation Unit Plan for officers and other key employees. Operating expense has been charged with $1,424,000, $1,533,000 and $2,300,000 to provide for the benefits accrued during 1984, 1983 and 1982, respectively.

Incentive Plan—The Company has an Incentive plan for key employees that is based upon the attainment of a specific return on invested capital using income before interest expense and income taxes. Because of the Company's insufficient return on investment, there was no charge to operating expense in 1984, 1983 or 1982.

Performance Share Plan—The Company has a Performance Share Plan for key employees that provides for an award of performance shares (up to an aggregate maximum of 500,000 shares), each equivalent to one share of the Company's common stock and cash. Distribution of the common stock plus cash equal to the fair market value of the common stock will be made at the end of designated periods if specified earnings are attained.

At present, there are no performance shares outstanding. On the basis of profit performance, no provisions have been made for the years 1984, 1983 and 1982.

Employee Savings Plan—The Company has an Employee Savings Plan for all eligible employees that was amended May 1, 1984 to conform to Section 401(K) of the Internal Revenue Code. Prior to this amendment, participating employees could elect to contribute up to 6% of their salaries, while the Company contributed an amount equal to a specified percentage of the employees' contributions to a limit of $6,000 per employee. Under the amended plan, participating employees can elect to contribute up to 16% of their salaries, with a regular Company matching contribution in Koppers common stock equivalent to 25% of the first 2% of the taxsaver contributions for each month of the plan year. The Company may also make annual supplemental contributions. The Company's contributions amounted to $399,000 in 1984, $286,000 in 1983 and $1,724,000 in 1982.

7. Closed Operations and Disposals

Discontinued Operations—In 1984, an after-tax loss of $3,486,000 ($0.12 per share) was realized on the sale of the Company's engineering and construction business to Raymond Kaiser Engineers, Inc. (RKE). Future contingent payments to Koppers for the sale are based upon the after-tax profit or loss of the RKE Pittsburgh office over a period of time from the closing through December 31, 1988.

In 1983, the Company sold two operations, the Environmental Elements (ENELCO) and Mineral Processing Systems (MPSD) Divisions, for $21,039,000 in cash, notes and preferred stock. Reserve provisions of $4,492,000 after tax ($0.16 per share) made in December, 1982 for the expected losses on these disposals were insufficient for actual 1983 losses incurred because of changes in the structure of the sales agreement, thereby requiring an additional provision of $1,315,000 after tax ($0.05 per share) in 1983.

In 1982, the Titus Products Division of ENELCO was sold for $11,124,000, resulting in a small after-tax gain.

Amounts in the Consolidated Statement of Operations for the years 1983 and 1982 have been restated to conform with 1984 disclosure for discontinued operations.

Other Operations Closed or Disposed of—In 1984, dispositions in Chemical and Allied Products resulted in a loss of $3,692,000, or $2,137,000 after tax ($0.07 per share).

In 1983, a gain of $3,976,000, or $2,863,000 after tax ($0.10 per share), was realized on the disposition of Canadian timber rights. This transaction was negotiated in conjunction with the Company's 1981 sale of the Canadian spruce lumber operations.

In 1982, dispositions in Chemical and Allied Products resulted in a loss of $11,941,000, or $6,650,000 after tax ($0.24 per share).

The effect on operations and the related profit or loss on operations disposed of or closed is shown in Table 2.

Table 2. Operations Disposed of or Closed

($ Thousands)	1984	1983	1982
Net sales	**$12,961**	$47,176	$116,815
Operating expenses	**14,446**	47,425	128,976
Operating loss	**(1,485)**	(249)	(12,161)
Profit (loss) on disposal of net assets	**(3,072)**	4,107	(16,869)
	$(4,557)	$ 3,858	$(29,030)

8. Income Taxes—Income (loss) from continuing operations before provision (benefit) for income taxes and the components of income taxes are in Table 3. The components of deferred tax expense (benefits) and related tax effect are in Table 4. The differences between the statutory and effective income tax (benefit) rates applicable to continuing operations (excluding extraordinary items) are in Table 5. The provisions for income taxes for the years 1984, 1983 and 1982 have been reduced by $5,486,000, $2,129,000 and $7,222,000, respectively, for investment tax credit.

At December 31, 1984, 1983 and 1982, consolidated earnings retained in the business included approximately $28,274,000, $27,403,000 and $27,019,000, respectively, on which federal income tax has not been provided. The Company has reinvested such earnings in export activities, thereby sheltering them from taxation. A change in the federal income tax law effective January 1, 1985 has rendered these earnings permanently free of federal income taxes. Effective January, 1985, a Foreign Sales Corporation (FSC) was established to provide prospective tax savings.

9. Operations by Business Segments—The company operates principally in three business segments. Financial information about each segment is provided in Table 6 on the following page. Information relating to the products and services provided by these segments is located on pages 38 through 40 of this annual report and 10-K. Because of immateriality, intersegment sales are not disclosed.

10. Litigation—In 1981, Inland Steel Company filed an action against the Company asserting a claim in the amount of $100 million for damages under a construction contract. The Company filed a counterclaim against Inland to recover $17 million representing fees on the contract. A jury verdict was rendered on February 21, 1984 for Inland on its claim in the amount of $74 million and for the Company on its counterclaim in the amount of $10 million. This verdict is on appeal to the Court of Appeals of Indiana. While the ultimate outcome of this litigation is not currently determinable, the Company believes that it has meritorious defenses to Inland's claim and it will take all legal action to set aside this verdict or obtain a new trial.

Table 3. Components of Income Taxes (Benefit)

($ Thousands)	1984	1983*	1982*
Income (loss) from continuing operations before provision (benefit) for income taxes:			
Domestic operations	**$40,892**	$33,434	$(48,693)
Foreign operations**	**3,350**	14,909	9,200
Total	**$44,242**	$48,343	$(39,493)
Income tax expense (benefit):			
Continuing operations	**$10,315**	$18,805	$(15,995)
Discontinued operations	**(4,064)**	(4,819)	(12,806)
Total	**$ 6,251**	$13,986	$(28,801)
Current:			
Federal	**$ 3,601**	$(13,361)	$(13,745)
Foreign	**2,568**	1,995	4,049
State	**2,638**	3,051	1,485
	8,807	(8,315)	(8,211)
Deferred:			
Federal	**(1,859)**	22,006	(20,424)
Foreign	**(697)**	295	(166)
	(2,556)	22,301	(20,590)
Total	**$ 6,251**	$ 13,986	$(28,801)

*Restated to conform with 1984 classifications (Note 7).
**Foreign operations income before the provision for income taxes includes equity income from foreign investments of $3,799, $6,193 and $6,429 for 1984, 1983 and 1982, respectively.

Table 4. Deferred Tax Expense (Benefit)

($ Thousands)	1984	1983	1982
Excess of tax over book depreciation	**$ 8,842**	$ 8,927	$ 7,292
Anticipated expenses provided in advance of deductibility for tax purposes:			
—Warranty expenses	**(8,876)**	(2,276)	(988)
—Synthetic fuels expenses	**4,260**	(3,239)	443
Difference in book and tax income recognition:			
—Construction contracts	**83**	1,166	(4,876)
—Inventory timing difference	**(592)**	139	(603)
—Genex basis difference	**90**	986	—
—Installment sales	**(1,659)**	1,568	—
Investment tax credit carry-forward	**(3,575)**	(2,572)	—
Provisions for operations discontinued, disposed of or closed	**621**	3,228	(12,205)
RTC investment provision	**—**	11,025	(11,025)
Other—net	**(1,750)**	3,349	1,372
	$(2,556)	$22,301	$(20,590)

Table 5. Statutory and Effective Income Tax (Benefit) Rates

	1984	1983*	1982*
Statutory tax rate:			
Federal	**46.0%**	46.0%	(46.0%)
State, net of federal tax benefit	**3.2%**	3.4%	2.0%
Investment tax credit	**(12.4%)**	(4.4%)	(17.9%)
Nontaxable earnings of Domestic International Sales Corporation	**(0.7%)**	(0.5%)	(1.5%)
Effect of percentage over cost depletion	**(8.4%)**	(6.0%)	(8.0%)
Effect of lower statutory tax rate applicable to capital gains and equity investment transactions	**(5.5%)**	(6.9%)	22.1%
Minimum tax on tax preference items	**4.3%**	3.5%	2.8%
Other—net	**(3.2%)**	3.8%	6.0%
	23.3%	38.9%	(40.5%)

*Restated to conform with 1984 classifications (Note 7).

Table 6. Operations by Business Segments

($ Thousands)	Chemical and Allied Products	Construction Materials and Services	Engineered Metal Products	Misc.	Consolidated
Year ended December 31, 1984:					
Net sales from continuing operations	$884,810	$707,680	$220,456	$ 3,700	$1,816,646
Operating profit (loss) before general corporate overhead	$ 17,846	$ 60,758	$ (347)	$ (421)	$ 77,836
Other income (expense) (Notes 2 and 7)	(4,890)	5,071	2,045	9,906	12,132
Equity in earnings (loss) of affiliates	3,251	965	—	(3,362)	854
Operating income	$ 16,207	$ 66,794	$ 1,698	$ 6,123	$ 90,822
General corporate overhead					23,418
Interest expense					23,162
Income from continuing operations before provision for income taxes					$ 44,242
Identifiable assets as of December 31, 1984	$467,970	$444,955	$141,680	$ 27,152	$1,081,757
General corporate assets					84,749
Total assets					$1,166,506
Depreciation, depletion and amortization	$ 38,600	$ 31,654	$ 8,093	$ 3	$ 78,350
Depreciation and amortization of general corporate assets					1,653
					$ 80,003
Capital expenditures	$ 30,654	$ 65,689	$ 7,163	$ 17,554	$ 121,060
Year ended December 31, 1983 (restated):					
Net sales from continuing operations	$817,507	$546,873	$186,769	$ 3,558	$1,554,707
Operating profit (loss) before general corporate overhead	$ 21,086	$ 45,383	$ 2,762	$ (753)	$ 68,478
Other income (Notes 2 and 7)	10,976	1,972	1,701	19,837	34,486
Equity in earnings (loss) of affiliates	3,227	3,110	(15)	(17,196)	(10,874)
Operating income	$ 35,289	$ 50,465	$ 4,448	$ 1,888	$ 92,090
General corporate overhead					17,307
Interest expense					26,440
Income from continuing operations before provision for income taxes					$ 48,343
Identifiable assets as of December 31, 1983	$470,622	$396,692	$135,233	$ 39,954	$1,042,501
General corporate assets					132,913
Total assets					$1,175,414
Depreciation, depletion and amortization	$ 40,236	$ 28,342	$ 7,919	$ 10	$ 76,507
Depreciation and amortization of general corporate assets					1,083
					$ 77,590
Capital expenditures	$ 14,529	$ 39,718	$ 3,325	$ 11,049	$ 68,621
Year ended December 31, 1982 (restated):					
Net sales from continuing operations	$820,980	$512,206	$215,541	$ 4,115	$1,552,842
Operating profit (loss) before general corporate overhead	$ 27,168	$ 36,579	$ 8,715	$ (747)	$ 71,715
Other income (expense) (Notes 2 and 7)	(10,023)	1,381	(3,909)	(35,693)	(48,244)
Equity in earnings (loss) of affiliates	2,381	4,032	120	(14,255)	(7,722)
Operating income (loss)	$ 19,526	$ 41,992	$ 4,926	$(50,695)	$ 15,749
General corporate overhead					25,572
Interest expense					29,670
Loss from continuing operations before provision for income taxes					$ (39,493)
Identifiable assets as of December 31, 1982	$492,867	$390,272	$177,264	$ 42,755	$1,103,158
General corporate assets					89,766
Total assets					$1,192,924
Depreciation, depletion and amortization	$ 44,180	$ 29,246	$ 7,138	$ 8	$ 80,572
Depreciation and amortization of general corporate assets					1,307
					$ 81,879
Capital expenditures	$ 33,102	$ 15,822	$ 17,164	$ 10,589	$ 76,677

Schedules for Form 10-K

Koppers Company, Inc. and Subsidiaries

Property, Plant and Equipment (SEC Schedule V)

Classification	Balance at beginning of year	Additions at cost[1]	Retirements or sales[2]	Transfers and other additions (deductions)	Balance at close of year
	($ Thousands)				
Year ended December 31, 1984					
Land	$ 42,068	$ 9,328	$ 386	$ 297	$ 51,307
Buildings	132,229	7,442	3,429	(203)	136,039
Machinery and equipment	932,892	93,797	20,988	(250)	1,005,451
Depletable mineral properties	81,051	1,517	308	(110)	82,150
Depletable timber properties	15,115	1,610	1,727	—	14,998
	$1,203,355	$113,694	$26,838	$ (266)	$1,289,945
Year ended December 31, 1983					
Land	$ 43,446	$ 2,596	$ 1,948	$(2,026)	$ 42,068
Buildings	138,023	3,637	14,921	5,490	132,229
Machinery and equipment	945,159	46,622	51,716	(7,173)	932,892
Depletable mineral properties	77,505	2,459	1,079	2,166	81,051
Depletable timber properties	21,523	2,069	8,477	—	15,115
	$1,225,656	$ 57,383	$78,141	$(1,543)	$1,203,355
Year ended December 31, 1982					
Land	$ 41,558	$ 1,271	$ 825	$ 1,442	$ 43,446
Buildings	140,482	10,813	9,397	(3,875)	138,023
Machinery and equipment	913,711	51,630	27,420	7,238	945,159
Depletable mineral properties	76,565	1,600	—	(660)	77,505
Depletable timber properties	25,858	1,776	6,111	—	21,523
	$1,198,174	$ 67,090	$43,753	$ 4,145	$1,225,656

(1) Property acquired through acquisitions, 1984—$4,729; 1983—$4,683.
(2) Includes $12,806 in 1984, $27,812 in 1983 and $14,058 in 1982 from operations disposed of or closed.

Accumulated Depreciation, Depletion and Amortization (SEC Schedule VI)

Description	Balance at beginning of year	Additions charged to income[1]	Retirements[2]	Other additions[3]	Balance at close of year
	($ Thousands)				
Year ended December 31, 1984					
Depreciation and amortization	$605,214	$76,401	$18,128	$ 2,641	$666,128
Depletion	14,957	2,714	1,106	—	16,565
	$620,171	$79,115	$19,234	$ 2,641	$682,693
Year ended December 31, 1983					
Depreciation and amortization	$577,470	$73,877	$46,169	$ 36	$605,214
Depletion	14,584	2,863	2,490	—	14,957
	$592,054	$76,740	$48,659	$ 36	$620,171
Year ended December 31, 1982					
Depreciation and amortization	$504,271	$76,852	$26,573	$22,920	$577,470
Depletion	14,826	3,737	3,979	—	14,584
	$519,097	$80,589	$30,552	$22,920	$592,054

(1) Includes provision relating to both continuing and discontinued operations.
(2) Includes $8,582 in 1984, $7,466 in 1983 and $5,770 in 1982 from operations disposed of or closed.
(3) Includes $2,198 in 1984, $914 in 1983 and $14,492 in 1982 of valuation reserves for operations disposed of or closed.

Valuation and Qualifying Accounts (SEC Schedule VIII)

Description	Balance at beginning of year	Additions charged to income	Deductions[1]	Balance at close of year
	($ Thousands)			
Year ended December 31, 1984				
Allowance for doubtful accounts	$ 5,645	$ 2,218	$ 2,410	$ 5,453
Allowance for doubtful notes receivable	2,841	1,031	—	3,872
Allowance for decline in value of investment	2,138	—	89	2,049
	$10,624	$ 3,249	$ 2,499	$11,374
Year ended December 31, 1983				
Allowance for doubtful accounts	$ 5,015	$ 1,995	$ 1,365	$ 5,645
Allowance for doubtful notes receivable	135	2,841	135	2,841
Allowance for decline in value of investment	40,362	1,185	39,409	2,138
	$45,512	$ 6,021	$40,909	$10,624
Year ended December 31, 1982				
Allowance for doubtful accounts	$ 4,720	$ 3,589	$ 3,294	$ 5,015
Allowance for doubtful notes receivable	—	135	—	135
Allowance for decline in value of investment	3,023	40,362	3,023	40,362
	$ 7,743	$44,086	$ 6,317	$45,512

(1) Accounts written off, less recoveries.

Supplementary Income Statement Information (SEC Schedule X)

Item	($ Thousands) Charged to expenses		
Years ended December 31,	1984	1983*	1982*
Maintenance and repairs	$111,230	$94,857	$91,206
Taxes, other than payroll and income taxes	$ 17,687	$14,521	$16,873
Rents	$ 26,348	$21,217	$19,257
Research and development	$ 19,199	$15,526	$17,495

*Restated to conform with 1984 classifications (Note 7).

Description of Koppers Business

Chemical and Allied Products

Chemical and Allied Products Business

During 1984, the Organic Materials and Forest Products businesses of Koppers were combined to form the Chemical and Allied Products unit. This consolidation brings together two closely related Koppers businesses:

—materials and technology associated with the manufacture and use of products derived from coal. The present mix is made from coal or such derivative products as coal tar or naphthalene. Other lines serve specialty markets;

—production of chemically treated wood, specialty wood-treating chemicals and laminated wood products, to supply both U.S. and foreign markets.

Three operating sectors, plus affiliated and subsidiary business units at domestic and overseas locations, compose Chemical and Allied Products.

Building Products Sector produces coal tar bitumen built-up roofing systems, phenolic foam roof insulation board and cold-applied maintenance materials. Phenolic foam residential insulating sheathing will be introduced in 1985.

This unit licenses proprietary processes and products using specialty chemicals under such trademarks as Dricon, NCX and Wolman to wood-treating companies throughout the U.S. and in foreign countries. A new retail line called Wolman Wood Protection Products was introduced in 1984 and includes exterior wood stains and water repellents. Brush-on wood preservatives, caulking compounds and adhesives will be added in 1985. Other building materials include pre-engineered glue-laminated wood products for industrial, commercial and residential applications, such as structural beams, arches, columns, girders, trusses and lighting standards.

Chemical Systems Sector is a major supplier of resorcinol, used primarily to produce adhesives used in rubber tires and laminated wood; antioxidants, used in rubber, plastics and other products; polyester resins for general purpose and high-performance applications; binder systems and refractory coatings for foundries; industrial sealants, caulks and adhesives; and a group of intermediate chemicals. A new product line, vinyl ester resins, will be introduced in 1985 for reinforced plastics applications requiring corrosion resistance and fire-retardant qualities.

Coal- and Wood-Based Products Sector includes several product categories:

—Koppers is among the largest merchant producers of foundry coke, one of the principal products used for melting metal in foundries and other industrial operations. Other grades of coke are manufactured for reducing iron ore in steelmaking, for melting in rock wool operations, for nonferrous metal smelting and for sugar beet refining.

—The Company produces coal tar derivatives such as pitches used by the aluminum and commercial carbon industries as binders in the manufacture of electrodes; creosote, a complex mixture of chemicals, used primarily as a wood preservative; naphthalene, used to produce phthalic anhydride and other chemical intermediates; phthalic anhydride, used in production of alkyd and polyester resins and plasticizers for plastics.

—Kopper sells treated wood products, which include chemically pressure-treated railroad crossties; utility, transmission, distribution and lighting poles and accessory equipment; building poles and timbers; foundation and marine piling; and construction lumber and plywood. Wood pressure treatments for these products use creosote, pentachlorophenol and waterborne salt preservatives. Koppers also provides contract wood-treating services for industrial and commercial customers.

Raw Materials and Fuel

Primary raw materials for Chemical and Allied Products operations include coal and coal-derived products, hardwood and softwood timber, and preservative raw materials. Most coal tar processed is purchased through contracts with steel producers. Purchasing agreements cover such other raw materials as coal and benzene. For wood-treating operations, the major requirements are for Eastern and Southern hardwood; and softwood timber, primarily Southern yellow pine and West Coast species. Less than 10% of the Company's timber needs are met from Company-owned properties or by negotiated cutting rights. Preservative raw materials are supplied from both Company and outside sources.

Energy needs are supplied by natural gas, fuel oil, coal, coke oven gas and wood waste. Three plants operate electrical cogeneration systems, with two of these units providing energy for processing and all three selling the excess electric power to local utilities. No major disruption of business in 1985 is expected as a result of shortages of raw materials or energy.

Competitive and Seasonal Conditions

Chemical and Allied Products goods and services are sold in highly competitive markets. Except for certain proprietary items, there are suppliers of identical products in all business areas, as well as competition from alternative materials performing the same function. The principal factors in competition are price, quality and service.

Most businesses are affected to varying degrees by seasonal variations. For example, winter weather reduces volumes in roofing and other construction industry product lines.

Products are marketed nationwide, generally through the group sales organizations, and certain lines are sold through independent distributors and agents. Substantial inventories are maintained in many product categories to ensure prompt, dependable service.

Backlog

Chemical and Allied Products year-end backlog was $263.0 million, versus $303.9 million a year earlier. The total backlog is expected to be shipped during 1985, although most unfilled orders are subject to cancellation at the buyer's option.

Chemical and Allied Products Combined 1984 Sales by Major Economic Sectors

Economic Sectors	($ Millions)	%
Industrial Production	$481.2	54%
Nonbuilding Construction	263.5	30
Architectural Construction	140.1	16
	$884.8	100%

Construction Materials and Services

Construction Materials and Services Business

This unit consists of operating subsidiaries in regional markets producing crushed stone, sand, gravel and bituminous and ready-mix concrete, and providing engineering and construction services. Related products include steel culvert pipe, welded wire fabric and specialty products used in highway, bridge and other civil construction. Coal properties are included in this unit.

Sales of aggregates and construction services are about evenly divided between publicly funded projects, such as road maintenance and new construction, and privately financed construction projects. Transportation is a major factor in total product cost. The delivered price doubles when crushed stone is transported 20 to 30 miles. To compete effectively, aggregate markets are localized.

Construction Materials and Services operates more than 160 domestic facilities. These serve markets in 17 states extending from New York through Pennsylvania and Ohio and into the Southeast, portions of the Midwest, and sections of Colorado, Wyoming and California. About 50% of sales are in the West, 31% in the Southeast, and 19% in the Northeast.

Significant expansion occurred during 1984. Acquisitions included paving operations in New York and a mechanical contractor in North Carolina. A new welded wire fabric facility was added in Texas, and modernization programs were completed at Pennsylvania and North Carolina quarries. Several bituminous concrete plants are being converted from natural gas to coal to afford energy savings.

Koppers owns coal properties in Tennessee, which are leased to independent coal operators.

Raw Materials and Fuel

Aggregate raw materials consist of sand and gravel, granite, limestone, trap rock and sandstone, which come from quarries and mines. Most of Koppers quarries are on land either owned by the Company or held under long-term leases. It is estimated that the present reserves of aggregates will be sufficient for more than 25 years at current production rates. Other major raw materials include asphalt, cement, and steel rod and sheet, which are purchased from oil companies and cement and steel producers. Adequate supplies of raw materials and fuel are expected to continue. Fuel oil satisfies nearly half of the energy requirements; natural gas and diesel fuel provide about 20% each; the remainder comes from gasoline, kerosene and propane.

Competitive and Seasonal Conditions

Construction Materials and Services operations are geographically diversified, with vertical integration within certain regional markets. Because mineral reserves are limited within regional areas, the Company commonly holds a high share of those regional markets in which it competes.

Principal factors in competition are location, price and service. Prices for aggregates are determined by local conditions and are not subject to fluctuations created by nationwide demand, supply and capacity factors. Increasingly, this business has become service-oriented, calling for on-time delivery from a guaranteed source of supply.

Business is seasonal, with more than 70% of sales occurring during the peak construction period from May 1 to November 30.

Product inventories are controlled at volumes that reflect a balance between the most efficient production level and supplying peak demand. Inventories normally grow substantially during spring months in anticipation of high summer demand. It is not customary, however, to carry inventories or provide financing for customers.

Backlog

Combined backlog at the end of 1984 was $213.5 million, versus $179.0 million a year earlier. The normal tendency is for this backlog to increase during the first six months of the year and to decline thereafter. Orders in the backlog are considered firm, and more than 95% of the year-end backlog is expected to result in 1985 sales.

Construction Materials and Services Combined 1984 Sales by Major Economic Sectors

Economic Sectors	($ Millions)	%
Nonbuilding Construction	$602.0	85%
Architectural Construction	101.9	14
Industrial Production	3.8	1
	$707.7	100%

Engineered Metal Products

Engineered Metal Products Business

Koppers is a designer and manufacturer of machinery systems and machine components. These business lines are generally characterized by high-value-added, precision-engineered, high-quality products designed to rigid customer specifications.

The Company's Sprout-Waldron line of products includes processing machinery for the formula feed, food, chemical, pulp and paper and other basic industries. Sprout-Waldron also designs and builds complete feed mills, material handling and storage facilities, pulping plants and industrial processing installations. Two large foundries produce medium- and large-sized gray iron and ductile castings for use in various areas of Engineered Metal Products, as well as selling castings directly to outside customers. An engineering and marketing agreement with Kamyr, Inc. of Sweden expands Sprout-Waldron's role in newly developing chemothermomechanical pulping.

Koppers manufactures, installs and services corrugated box machinery used to convert kraft paper into corrugated board and finished containers for packaging producers.

The flexographic newspaper printing system introduced last year now has three major installations, which are proving the viability of this technique for new and retrofit printing applications.

The Company is a major producer of industrial piston rings for diesel engines and shaft seals for use in aircraft engines, pumps and compressors, as well as seal rings for hydraulic cylinders, valves and other industrial and aircraft applications.

Koppers supplies a broad range of power transmission products, including standard and specially designed couplings, forgings and coupling greases. Couplings transmit power from one rotating shaft to another and compensate for misalignment. Applications include high-speed compressors, pumps, conveyors, cranes, blowers, boiler feed pumps, paper mill equipment and main drives in steel rolling mills.

Raw Materials and Fuel

Principal raw materials, such as metal castings and forgings, are produced within the group's facilities, with some quantities supplied by commercial producers. Steel bars, billets, plates, structural forms and aluminum are purchased from mill and warehouse suppliers. Fuel oil, natural gas and electricity are the major fuels used.

Competitive and Seasonal Conditions

There is significant competition in each of Engineered Metal Products business lines. Certain of the group's products generally sell at premium prices, and Koppers strong market position is based upon demonstrated excellence in design, performance, technical support and other specific factors.

Principal products and services are sold mainly through the group's sales force, augmented in some lines by agents and distributors. Most business lines are not affected by seasonal fluctuations.

Working capital amounts include repair parts inventories required for field service activities, as well as inventory parts kept on hand for standard machines to meet competitive delivery schedules. In certain lines, working capital amounts include retainages that are receivable upon satisfactory performance of the installation.

Backlog

Engineered Metal Products backlog at the end of 1984 was $109.0 million, compared with $97.8 million a year earlier. Total backlog is believed to be firm and is expected to be shipped in 1985. No significant seasonal factors influence the backlog.

Engineered Metal Products 1984 Sales by Major Economic Sector

Economic Sector	($ Millions)	%
Manufacturers' Capital Equipment	$220.4	100%

Venture Capital

The Company has a wholly owned venture capital subsidiary, Kopvenco, formed in 1980, that now has investments in 14 organizations. All of the investments represent higher-technology, start-up companies. Four general areas of technology are represented.

Life Sciences—related to Koppers extensive experience in chemistry and chemical processing. The investments in this area are primarily advanced developments in biotechnology. Potential applications include specialty chemicals, pesticides and agricultural products. Genex Corporation and DNA Plant Technology Corporation are two of these investments that are now publicly traded on Over the Counter exchanges.

Advanced Materials and Composites—related to Koppers chemicals and metal-working capabilities and experience with new material combinations. These investments involve high-technology ceramics, advanced metallurgy and fiber optics.

Productivity Improvement—related to Koppers broad range of manufacturing operations. The areas covered here are robotics and computer software, including electric-drive precision robots (produced by American Robot Corporation) now used in American industry and in Japan. The software includes computer-assisted design and manufacturing (CAD-CAM) systems and an integrated database management system applicable to many business applications.

Transportation/Energy—related to Koppers general business interests. A single investment in MotorTech, Inc. gives access to a high-performance, high-fuel-efficiency automotive engine developer.

The mission of Kopvenco is to seek out and participate in companies with the latest in new technologies. Two goals are clearly established; first, to gain access to new technology that relates to Koppers future business; and second, to realize an appreciation on funds invested in the businesses. Venture capital investments involve partnerships with other like-minded companies leading to a constant high level of technology evaluation.

General Development of Koppers Business

Koppers Company, Inc. was incorporated on September 30, 1944. It succeeded by merger to the properties and business of four predecessor companies. Those companies grew logically out of Koppers original business, established in 1907, to design and build chemical-recovery coke plants for the American steel industry.

Prior to 1965, Koppers was highly dependent upon its original steel plant construction business for earnings growth. It was a cyclical business that had a disconcerting roller-coaster effect on the Company's prospects for growth.

In 1965, the Company began to build a manufacturing organization that would produce consistent earnings growth and thereby reduce Koppers dependence upon the steel industry capital investment cycle. Koppers today is a diversified manufacturing corporation offering construction materials and services, chemicals and engineered metal products. The Company's steel plant construction business was sold at the start of 1984.

Pursuit of the Company's objective to expand its manufacturing businesses to achieve consistent earnings growth has been characterized by capital investment in new plants and equipment. This expansion program has increased the total investment in Koppers operations from $190 million in 1964 to $847 million at the close of 1984.

Employment

The average number of persons employed by the Company was 15,612 in 1984, compared with 14,518 in 1983. Addition of hourly production and operating employees as well as those added by acquisitions accounted for the higher 1984 employment level. The average number of salaried employees declined during the year.

Approximately 6,500 of the Company's employees are covered by 150 different collective bargaining agreements. Successful labor contract negotiations were completed at 45 locations in 1984.

Financial Information by Industry Segment

Selected financial information for each of Koppers operating units for a 10-year period appears on page 24. Additional financial information on the operating groups appears in the table "Operations by Business Segments" on page 35.

Patents and Licensing

Koppers owns nearly 450 existing United States patents and a large number of foreign patents covering many products and processes. Some of the patents and technology are licensed to other companies. The Company makes few of its products under licenses from other companies with respect to patents they own or technology they have supplied. No single patent or license is considered material in relation to the Company's overall performance.

Properties

The Company has 252 operating locations in 31 states in the U.S., Canada, Great Britain and Australia. They include Chemical and Allied Products, 76; Construction Materials and Services, 167; and Engineered Metal Products, 9. Principal operating plants are located at Dolomite, Ala.; Oroville, Calif.; Conley, Ga.; Cicero, Ill.; Baltimore, Md.; Newark, N.J.; Muncy, Petrolia and South Fayette, Pa.; and Follansbee, W.Va.

In the opinion of management, the production capacities in Koppers various business segments are adequate to operate at a significantly higher volume than in 1984.

Research and Development

The Company conducts research activities and supporting pilot plant operations at two locations in suburban Pittsburgh, as well as special research projects at 11 universities and sponsored external research by high-technology research and development companies in which Koppers has an equity interest.

Koppers research laboratories explore advanced technologies, develop new products, improve manufacturing processes and serve as the monitoring influence on new areas of technology.

Special services such as occupational health and product safety, environmental management and analytical and engineering support are provided to all operations.

Development laboratories at several locations support each of the Company's business segments with applied research, including customer and technical service.

The amount spent on research and development activities was approximately $19.2 million in 1984, $15.5 million in 1983 and $17.5 million in 1982.

Legal Proceedings

On August 7, 1981, Inland Steel Corporation filed an action against Koppers in the Lake Superior Court, East Chicago, Indiana, alleging that negligence, fraud and breach of contract in construction of a coke oven battery and blast furnace by Koppers at Inland's Indiana Harbor Works had caused Inland damages in the amount of $100 million. Koppers counterclaimed to recover $17 million still unpaid by Inland on the contract for construction of the coke oven battery and blast furnace. Venue in this action was moved to the La Porte Circuit Court, La Porte, Indiana. The negligence count was dropped by Inland and the court dismissed the fraud count. Trial began on January 17, 1984 and a verdict was rendered on February 21, 1984 for Inland on its claims in the amount of $74 million and for Koppers on its counterclaim in the amount of $10 million, for a net verdict in favor of Inland in the amount of $64 million. Post-trial motions were denied. The case is on appeal to the Court of Appeals of Indiana. Koppers management believes it has meritorious defenses for this appeal and will take all legal actions to set aside the verdict or obtain a new trial.

On July 6, 1983, 97 individual plaintiffs brought suit against 12 named defendants, including Koppers, North American Phillips Corporation (Phillips), Drake Chemical Company and American Color & Chemical Company, formerly a jointly owned subsidiary of Koppers and Phillips, in the Clinton County, Pennsylvania Court of Common Pleas alleging generally that defendants produced, stored, purchased and sold toxic chemicals in the City of Lock Haven, Pennsylvania that contaminated air, soil and groundwater in the vicinity of plants operated by American Color and Drake Chemical. Plaintiffs have requested $120 million compensatory damages, $200 million punitive damages and an order directing defendants to clean up and dispose of all hazardous waste attributable to them in the area. Koppers sold its 48% interest in American Color to Phillips in 1982 when the Lock Haven plant closed. The action is in its preliminary stages, but Koppers management believes that it has sound defenses to this claim and that this litigation will not result in any material liability to Koppers.

Sterling Paving Company, a wholly owned subsidiary, was indicted by a Grand Jury convened in the United States District Court for the District of Colorado for alleged irregularities in highway paving bidding in violation of Section 1 of the Sherman Antitrust Act. Sterling Paving Company was acquired by Koppers in November, 1981. The activi-

Description of Koppers Business

ties upon which the indictment is based occurred prior to Koppers acquisition of Sterling. Conviction of Sterling could result in fines of up to $1 million and business disruption due to possible debarment or suspension from bidding on public projects, as well as a civil action by the State of Colorado. Koppers management believes it has meritorious defenses to the indictment and is taking all legal actions to obtain dismissal of the indictment or acquittal.

Koppers is involved in environmental administrative proceedings and litigation with respect to certain of its operating plants, former plants and waste disposal sites (including 28 Superfund sites concerning which the Company has received notices of probable involvement). At this time, potential cost of these proceedings cannot be forecast with any degree of precision.

Environmental, Occupational Health and Safety Regulations

Koppers, in common with many other enterprises, is subject to new federal, state and local laws and regulations governing environmental as well as health and safety matters. The amended and reauthorized Resource Conservation and Recovery Act will require additional cleanup of existing plants and the installation of a substantial amount of new and replacement equipment. The new right-to-know regulations under the Occupational Safety and Health Act coupled with the rapid growth of state right-to-know laws will require extensive new recordkeeping, labeling and safety procedures. Continuing efforts by the U.S. Environmental Protection Agency to locate and clean up old toxic waste disposal sites under the Comprehensive Environmental Response, Compensation and Liability Act ("Superfund") may lead to involvement of the Company in additional Superfund sites in the future. Environmental health and safety laws and regulations have not curtailed plant operations significantly; however, compliance with such laws and regulations is affecting the Company's financial performance. The effect of the new laws and regulations and their potential costs cannot be evaluated at this time.

Comprehensive review of EPA's "Rebuttable Presumption Against Re-registration Notices" in 1978 against three Koppers wood preservatives—creosote, pentachlorophenol and arsenicals—was completed in 1984. Re-registration was permitted under certain conditions. Compliance with these conditions should not have a substantial impact on the overall sales or earnings of the Company in the affected wood-treating markets.

Environmental Management

Koppers, along with its competitors, faces increasingly stringent regulations concerning the handling of many chemicals it uses, purchases or sells. The reauthorized and amended Resource Conservation and Recovery Act passed by Congress in 1984, as well as other new laws and regulations administered by numerous state and federal agencies, now more than ever makes strict compliance with environmental laws a prerequisite for continued participation in chemical markets.

Over the past 15 years, Koppers has developed the technology and technical expertise necessary for the resolution of any likely environmental and health issues that may arise in its operations in the next decade. The Company has initiated an extensive program of environmental review of its facilities aimed at developing an aggressive, cost-effective plan for resolution of future environmental problems. It is likely to entail only a small fraction of the potential cost that could be faced if compliance is not achieved before government agencies intervene. Koppers management believes this environmental program enhances the Company's competitive position.

Effects of Inflation

The Financial Accounting Standards Board (FASB) requires supplementary disclosure of selected historical financial data on an adjusted basis to recognize the effect of inflation in times of change in specific prices (current-cost method). Under the current-cost approach, property, plant and equipment's (including mineral resources) current cost was estimated by using indices published by the federal government, private organizations and internal sources.

Koppers, in complying with FASB Statement No. 33, has elected to restate only inventories; sales; cost of sales; property, plant and equipment, net of accumulated depreciation; and depreciation, depletion and amortization. These areas are most affected by inflation. Restatement of other accounts would not materially affect the results. The adjusted information shown in Table A was prepared by converting historical amounts into dollars adjusted for changes in specific prices. Other data in the five-year summary shown in Table B also are restated for purposes of comparison. Information on Koppers mineral reserves is on page 44.

Koppers endorses attempts to present the effects of inflation on reported financial results. The Company's results of operations (Table A) illustrate some of the obvious effects of the declining purchasing power of the dollar. However, the present state of the art leaves much to be desired as it involves the use of assumptions, approximations and estimates. Therefore, Koppers does not believe that the impact of inflation on the Company's performance and financial condition during the past four years was as severe as the inflation-adjusted income data, taken alone, would indicate.

Table A. Consolidated Statement of Income From Continuing Operations Adjusted for Changing Prices

	Dollars of Current Purchasing Power*	
For the Year Ended December 31, 1984 ($ Thousands, except per share figures)	**As Reported in 1984 Financial Statements (Historical Cost)**	Adjusted for Changes in Specific Prices (Current Cost)
Net Sales	**$1,816,646**	$1,820,134
Operating expenses:		
Cost of sales	**1,463,772**	1,465,418
Depreciation, depletion and amortization	**80,003**	154,429
Taxes, other than income taxes	**50,952**	50,952
Selling, research, general and administrative expenses	**167,501**	167,501
	1,762,228	1,838,300
Operating profit (loss)	**54,418**	(18,166)
Other income	**12,986**	12,986
Interest expense	**23,162**	23,162
Income (loss) before income taxes	**44,242**	(28,342)
Provision for income taxes	**10,315**	10,315
Income (loss) from continuing operations	**$ 33,927**	$ (38,657)
Dividends on:		
Redeemable convertible preference stock	**5,533**	5,533
Cumulative preferred stock	**600**	600
Net income (loss) applicable to common stock	**$ 27,794**	$ (44,790)
Average number of shares of common stock outstanding during year (thousands)	**28,599**	28,599
Earnings (loss) per share of common stock	**$ 0.97**	$ (1.57)
Gain from increase in purchasing power of net amounts owed		$ 173
Decrease in current cost of inventory and property, plant and equipment held during the year**		$ 95,305
Effect of increase in general price level		43,966
Decrease in specific prices net of increase in general price level		$ 51,339

*Current-cost amounts are expressed in average 1984 dollars. Changes are measured by the Consumer Price Index.

**At December 31, 1984, the current cost of inventories was $263,067 and the current cost of property, plant and equipment, net of accumulated depreciation was $809,180.

Table B. Comparison of Selected Supplementary Financial Data Adjusted for Effects of Changing Prices

($ Thousands, except per share figures)	**As Reported in 1984 Financial Statements (Historical Cost)**	Years Ended December 31, (In Average 1984 Dollars) 1984	1983*	1982*	1981	1980
Net Sales	**$1,816,646**	$1,820,134	$1,620,468	$1,672,253	$2,186,621	$2,274,347
Income (loss) from continuing operations	**$ 33,927**	$ (38,657)	$ (55,654)	$ (106,084)	$ (19,809)	$ 12,035
Net assets at year end	**$ 613,335**	$ 918,440	$ 958,617	$ 981,852	$1,147,741	$1,107,729
Gain (loss) from decline in purchasing power of net amounts owed	—	$ 173	$ (1,233)	$ 3,428	$ 24,400	$ 31,105
Excess (deficit) of increase/decrease in specific prices net of increase in general price level	—	$ (51,339)	$ (64,574)	$ (145,664)	$ 22,074	$ (20,726)
Per share information:						
Income (loss) from continuing operations	**$ 0.97**	$ (1.57)	$ (2.26)	$ (4.12)	$ (1.04)	$ 0.42
Cash dividends declared	**$ 0.80**	$ 0.80	$ 0.84	$ 1.51	$ 1.61	$ 1.78
Market price at year end	**$ 18.00**	$ 17.75	$ 21.92	$ 17.34	$ 19.91	$ 34.76
Average Consumer Price Index		311.1	298.4	289.1	272.4	246.8

*Restated to conform with 1984 classifications (Note 7).

Exhibits for Form 10-K

Mineral Assets Price and Quantity Information
The table below provides information relating to Koppers mineral reserves. Estimates for proven and probable mineral reserves were obtained at the times of acquisition of the reserves, which range from 1967 to the present and were monitored thereafter.

(Volumes are in thousands of tons; $ are per ton values.)	Years Ended December 31, 1984	1983	1982	1981	1980
Proven and probable reserves at beginning of year					
Coal	**141,155**	142,599	144,402	145,009	71,048
Stone	**1,706,701**	1,821,758	1,796,551	1,769,803	1,480,014
Sand and gravel	**311,595**	407,967	414,267	405,484	388,211
Additions resulting from purchases of in-place mineral reserves					
Coal	**—**	66	80	2,009	76,000
Stone	**96,689**	25,072	44,127	49,454	322,434
Sand and gravel	**2,438**	13,350	2,424	21,872	36,797
Reductions resulting from production					
Coal	**1,566**	1,465	1,883	2,616	2,039
Stone	**22,138**	17,863	18,920	22,706	32,645
Sand and gravel	**6,869**	8,680	8,724	13,089	19,524
Reductions resulting from sale of reserves					
Coal	**—**	45	—	—	—
Stone	**725**	122,266	—	—	—
Sand and gravel	**—**	101,042	—	—	—
Proven and probable reserves at end of year					
Coal	**139,589**	141,155	142,599	144,402	145,009
Stone	**1,780,527**	1,706,701	1,821,758	1,796,551	1,769,803
Sand and gravel	**307,164**	311,595	407,967	414,267	405,484
Average market price					
Coal*	**$30.86**	$33.36	$33.45	$33.20	$30.49
Stone	**$ 4.39**	$ 4.18	$ 4.01	$ 3.69	$ 3.68
Sand and gravel	**$ 3.92**	$ 3.76	$ 3.64	$ 3.48	$ 3.22
Average royalty rate					
Coal*	**$ 2.29**	$ 2.67	$ 2.77	$ 2.72	$ 2.52

*Koppers primarily acts as a lessor to coal mining companies and receives a royalty fee on each ton sold.

The following exhibits are included as a part of the 1984 Form 10-K Report as required by Item 601 of Regulation S-K. Shareholders may obtain copies of the exhibits not presented here upon written request to: Secretary, Koppers Company, Inc., Koppers Building, Pittsburgh, Pa. 15219.

Exhibit A—3.1 Koppers Certificate of Incorporation, as amended, and the Certificate of Resolution, dated December 16, 1980, setting forth certain terms of Koppers $10 convertible preference stock, filed as exhibits 4.1 and 4.2 to Koppers Registration Statement No. 2-70174 and incorporated herein by this reference.

Exhibit B—3.2 Certificate of Amendment to Koppers Certificate of Incorporation, dated May 1, 1984.

Exhibit C—3.3 Koppers By-Laws as amended to June 25, 1984.

Exhibit D—10.1 Koppers Deferred Compensation Unit Plan, filed as Exhibit 10.2 to Koppers Annual Report and Form 10-K for the year ended December 31,1981 and incorporated herein by this reference.

Exhibit E—10.2 Koppers Restated Deferred Compensation Unit Plan.

Exhibit F—10.3 Koppers Deferred Compensation Plan for Directors.

Exhibit G—10.4 Agreement dated April 26, 1982 between Koppers and Fletcher L. Byrom for consulting services, filed as exhibit 10.1 to Koppers Form 10-Q for the quarter ended June 30, 1982 and incorporated herein by this reference.

Exhibit H—10.5 Koppers 1979 Performance Share Plan.

Exhibit I—10.6 Koppers 1985 Incentive Plan. An Incentive Plan for 1985 has been authorized by the Board of Directors for 103 key employees, of whom 12 are executive officers and another is an executive officer and director of Koppers, with the following method of determining incentive payments: The Incentive Fund shall accrue at the rate of 4.3% of the difference between a compensation base and Koppers total income before any provision for incentive under the Plan, interest, income taxes and extraordinary items until it reaches $1.6 million, after which it shall accrue at the rate of 1.5% of such difference provided that the total Incentive Fund shall not exceed 100% of the maximum amount participants could earn. The compensation base shall be equal to 12% of invested capital, which is defined as the sum of earned surplus at the beginning of the year plus the average for the year of the stated value of the common, preference and preferred stock, capital surplus and total debt (including commercial paper). The amount credited to the Incentive Fund shall not reduce the net income to common stock below an amount equivalent to 125% of the amount needed to cover the regular common stock cash dividends. The calculation of the Incentive Fund will be reported on by Koppers certified public accountants. The Chairman of the Board and other participants designated by Koppers management shall be eligible to participate in the 1985 Executive Incentive Plan. The distribution of the Incentive Fund shall be made to participants by determination of the Chairman, and to the Chairman by determination of the Compensation Committee of the Board. The distribution to any participant shall not exceed 60% of his or her salary as of January 1, 1985 unless specific approval shall be given by the Compensation Committee to recognize outstanding individual performance by payment of an additional incentive not to exceed 15% of the January 1, 1985 salary of such participant.

Exhibit J—22.1 Koppers has the subsidiaries listed below whose accounts are included in its consolidated financial statements. The Company has 37 other subsidiaries, which are not named here because all of them, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Subsidiary and Jurisdiction of Incorporation

Broderick and Gibbons, Inc.—Colo.
Cherokee Crushed Stone, Inc.—Del.
Eastern Rock Products, Inc.—N.Y.
Echols Brothers, Inc.—Del.
Erie Sand and Gravel Co.—Pa.
  Erie Sand Steamship Co.—Del.
Fairfield Bridge Company, Inc.—Del.
The General Crushed Stone Co.—Del.
  Chester Carriers, Inc.—Del.
  Easton Mack Truck Sales, Inc.—Pa.
  Reed Paving, Inc.—N.Y.
  The Stone Man, Inc.—Del.
Sim J. Harris Co.—Del.
Ivy Steel & Wire Company, Inc.—Del.
  Davidson Mineral Properties, Inc.—Del.
    Reeves Construction Co.—Ga.
  Meadow Steel Products, Inc.—Del.
Kaiser Sand and Gravel Co.—Del.
The Kentucky Stone Co.—Ky.
Koppers Engineered Products Ltd.—Ontario, Canada
Koppers International Canada Ltd.—Canada
Lycoming Silica Sand Co.—Pa.
The McMichael Company—Del.
  McMichael Asphalt Sales Co.—Okla.
  McMichael Concrete Co.—Okla.
  Tulsa Concrete Co.—Okla.
  Tulsa Paving Co.—Okla.
  Tulsa Rock Co.—Okla.
Parr, Inc.—Del.
Sloan Construction Co., Inc.—S.C.
Sterling Paving Co.—Colo.
Sterling Sand & Gravel Co.—Colo.
Sterling Sand & Gravel Co. of Wyoming—Wyo.
Sully-Miller Contracting Co.—Calif.
  P&K Materials, Inc.—Calif.
  South Coast Asphalt Products Co.—Calif.
  Southern Pacific Milling Co.—Calif.
Nello L. Teer Co.—Del.
  Central Engineering and Contracting Corporation—N.C.
  Comfort Engineers, Inc.—N.C.
  Guest Associates, Inc.—N.C.
  Nello L. Teer International, Inc.—Del.
  Webster County Coal Co.—N.C.
Thiem Corporation—Del.
Western Paving Construction Co.—Colo.
  Mid-Kansas Construction Co., Inc.—Kans.

Exhibit K—24.1 Consent of Arthur Young & Company, Certified Public Accountants, to the incorporation by reference in the Registration Statements (Form S-8 #2-89784) and the related Prospectus pertaining to Koppers Employee Savings Plan of their report included in Koppers Annual Report and Form 10-K for the year ended December 31, 1984.

Signatures Required for Form 10-K

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Koppers has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on February 25, 1985.

Koppers Company, Inc.

By T.M. St Clair
Thomas M. St. Clair
Vice President and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed below by the following persons on behalf of Koppers in the capacities and on the dates indicated.

Charles R. Pullin
Chairman of the Board of Directors
(Chief Executive Officer)
February 25, 1985

Richard M. Cyert, Director
February 25, 1985

Fitzhugh L. Brown, Comptroller
February 25, 1985

Daniel M. Galbreath, Director
February 25, 1985

Charles F. Barber, Director
February 25, 1985

Douglas Grymes, Director
February 25, 1985

Evelyn Berezin, Director
February 25, 1985

Terrance Hanold, Director
February 25, 1985

Anthony J. A. Bryan, Director
February 25, 1985

William H. Knoell, Director
February 25, 1985

Fletcher L. Byrom, Director
February 25, 1985

Andrew W. Mathieson, Director
February 25, 1985

General Subject Index

To aid the annual report reader who is interested in general subject areas, the following index is an alphabetical guide with specific page references. It is based upon a judgment as to those items most often referred to and should not be considered a complete listing.

New 800 Number for Koppers Product Information

To better serve a growing customer base, Koppers has instituted a Product and Service Information Center with a toll-free number: **1-800-556-7737.**

Customers and potential customers will receive fast, reliable information about how and where to buy Company products and services.

Koppers Company, Inc.
Koppers Building
Pittsburgh, PA 15219
Area Code 412/227-2000

Common Stock
Symbol: KOP

Exchange Listings:
New York Stock Exchange
Midwest Stock Exchange
Pacific Stock Exchange

Transfer Agents:
Mellon Bank N.A.
Mellon Square
Pittsburgh, PA 15230

Bradford Trust Company
67 Broad Street
New York, NY 10005

Harris Trust and Savings Bank
111 West Monroe Street
Chicago, IL 60690

Bank of America National Trust and Savings Association
55 Hawthorne Street
San Francisco, CA 94105

Stock Registrars:
Pittsburgh National Bank
P. O. Box 340746P
Pittsburgh, PA 15230

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, NY 10015

Continental Illinois National Bank and Trust Company of Chicago
231 South LaSalle Street
Chicago, IL 60601

Manufacturers Hanover Trust Company of California
50 California Street
San Francisco, CA 94111

Dividend Disbursing Agent:
Mellon Bank N.A.
Mellon Square
Pittsburgh, PA 15230

Table of Contents Form 10-K Report/1984 Koppers Company, Inc.

Securities and Exchange Commission Washington, D.C. 20549

Form 10-K Annual Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Fiscal Year Ended

December 31, 1984
Commission File Number 1-3224

Koppers Company, Inc.

A Delaware Corporation
IRS Employer Identification No. 25-0904665

Koppers Building, Pittsburgh, Pennsylvania 15219 (412) 227-2000

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

Common Stock $1.25 Par Value	Registered: New York Stock Exchange Midwest Stock Exchange Pacific Stock Exchange
Cumulative Preferred Stock 4% Series, $100 Par Value	Registered: New York Stock Exchange
$10 Convertible Preference Stock No Par Value	Registered: New York Stock Exchange

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS REPORT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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, and (2) has been subject to such filing requirements for the past 90 days.
Yes X No __

As of March 7, 1985, 28,571,380 shares of common stock were outstanding, and the aggregate market value of the shares of Koppers common stock (based upon the closing price of these shares on the New York Stock Exchange/composite tape) held by nonaffiliates was approximately $512.6 million. For this computation, Koppers has excluded the market value of all common stock beneficially owned by officers and directors of Koppers and their associates as a group, and all common stock held by Mellon Bank N.A. Such exclusion is not to signify in any way that any of such persons are "affiliates" of Koppers.

Documents Incorporated by Reference	Part
Koppers 1984 annual report to shareholders and Form 10-K are combined in this document.	
Koppers proxy statement dated March 15, 1985 for the 1985 annual meeting.	III

Annual Report and Form 10-K
This 1984 annual report to shareholders incorporates all material required in Koppers 1984 Form 10-K filed with the Securities and Exchange Commission. **The table of contents for Koppers 1984 Form 10-K is on page 48.** Koppers 1984 Annual Report and Form 10-K are combined in this document to provide all Koppers shareholders, as well as others interested in Koppers, timely access to this comprehensive material. (Portions of the 1984 annual report to shareholders, such as the "Chairman's Letter to Koppers Shareholders," are not required by the Form 10-K and are not "filed" with the Securities and Exchange Commission. Only those sections of the annual report referenced in the 10-K table of contents on page 48 and in the index on page 26 are part of the Form 10-K and filed with the Securities and Exchange Commission.)

General Subject Index is on page 47.