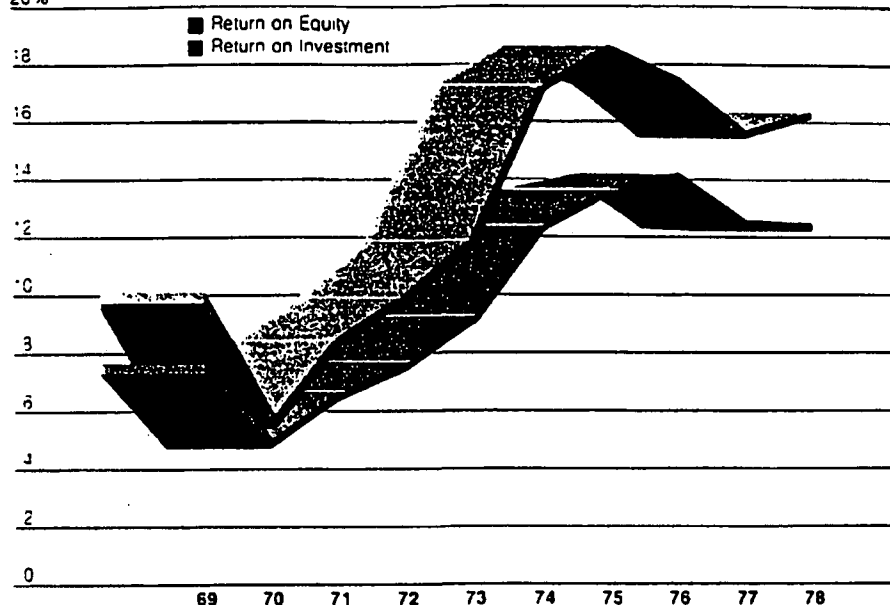


Increased Shareholders' Equity

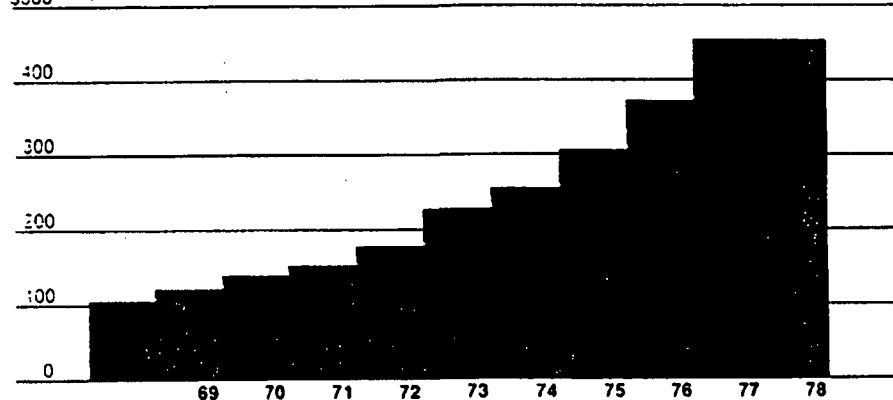
The high level of capital investments in recent years has significantly increased the total capital invested in Koppers. Total investment was \$763.1 million at the close of 1978, more than 20% greater than the \$631.6 million invested a year earlier. Because a major portion of the increased investment has been funded by retained earnings, common shareholders' equity was raised to \$504.7 million at the end of 1978, about 11% higher than the 1977 total. Common equity has nearly doubled in the past five years. Equity per common share at the end of 1978 was \$20.12, versus \$18.21 in 1977.

Koppers income performance in 1978 produced a 12.3% return on average total invested capital, virtually unchanged from the 12.4% return in the prior year. However, the Company's return on average common equity rose to 16.2% in 1978, from 15.6% in 1977, aided somewhat by the increased use of debt during the recent year.

Return on Average Common Shareholders' Equity and Average Total Investment
20%



Net Fixed Assets
(\$ Millions)
\$500



Changes in Securities

The ability of Koppers to declare cash dividends on its common and preferred stocks increased significantly during 1978 as the most restrictive provision within the Company's term debt agreements permits \$77,252,000 of consolidated earnings retained in the business to be available for cash dividends on December 31, 1978. This limit is substantially greater than the total dividends of \$28,758,000 paid out by Koppers in 1978.

Equity Security Holders

Title of Class	Number of Record Holders at December 31, 1978
Common Stock, \$1.25 Par Value	16,108
Cumulative Preferred Stock, \$100 Par Value	621