

nadian spruce lumber operations, to provide sources of timber supplies and to modernize wood-treating operations.

Expanded facilities to produce piston rings and seals and Sprout-Waldron's materials processing equipment, along with increased forging capacity, were the major projects in Engineered Metal Products, which accounted for nearly 5% of Koppers investments.

A \$20-million expenditure near year end marked Koppers entry into coal production. Koppers purchased the fixed assets of the Tennessee Land and Mining Company, which primarily consists of 65,000 acres of land in Tennessee adjacent to timber and mineral property already owned by the Company. The purchased property contains more than 70 million tons of proven coal reserves, primarily steam coal used in generating electricity. Revenues will be generated through existing leases with coal operators, which will provide Koppers with a percentage royalty income from operations. In addition, there is a potential for revenues from timber sales, oil and gas development and coal brokerage fees.

Koppers Quarterly Sales

(\$ Millions)

Quarter	1978	1977	1976	1975	1974
1st	\$ 284.8	\$ 263.1	\$ 237.2	\$ 216.5	\$158.7
2nd	401.9	340.6	309.5	273.9	224.2
3rd	347.4	369.5	319.2	293.6	263.2
4th	447.3	362.5	323.3	291.5	266.1
Total Sales	\$1,581.9	\$1,355.7	\$1,189.2	\$1,075.5	\$914.2

Quarterly Net Income

(\$ Thousands)

Quarter	1978	1977	1976	1975	1974
1st	\$ 3,064	\$ 3,333	\$14,396	\$ 9,586	\$ 6,312
2nd	21,100	19,510	18,706	15,331	12,338
3rd	25,343	23,003	20,969	20,492	17,472
4th	26,504	20,564	13,478	15,916	11,659
Total Net Income	\$76,011	\$66,410	\$67,549	\$60,325	\$47,781

Quarterly Earnings Per Share

Quarter	1978	1977	1976	1975	1974
1st	\$.12	\$.13	\$.59	\$.36	\$.27
2nd	.34	.73	.75	.63	.53
3rd	1.00	.92	.84	.84	.75
4th	1.05	.81	.54	.65	.50
Total Earnings*	\$3.01	\$2.64	\$2.70	\$2.49	\$2.04

*Quarterly earnings may not add up to exact total annual earnings in some years because of a gradual increase in common shares outstanding during those years.

10-Year Sales Growth of Koppers Business Segments

(\$ Millions)

	1978	%	1977	%	1976	%	1975	%	1974	%	1973	%	1972	%	1971	%	1970	%	1969	%
Organic Materials	\$ 482.5	31	\$ 427.3	32	\$ 384.4	32	\$ 323.3	30	\$ 285.9	31	\$ 173.4	24	\$ 139.6	23	\$ 123.7	21	\$ 120.3	22	\$ 117.9	22
Road Materials	304.1	19	174.1	13	134.7	11	111.8	11	117.4	13	92.2	13	72.0	12	74.5	12	57.9	11	39.4	7
Forest Products	313.7	20	296.3	22	261.2	22	244.7	23	270.4	30	193.7	27	167.4	27	142.4	24	130.9	25	127.1	24
Engineered Metal Products	285.6	18	265.4	19	267.5	23	240.3	22	158.4	17	119.5	16	105.7	17	99.1	17	94.8	18	93.4	18
Total	\$1,385.9	88	\$1,163.8	86	\$1,047.8	88	\$ 920.1	86	\$832.0	91	\$578.8	80	\$484.7	79	\$439.7	74	\$403.8	76	\$377.8	71
Engineering and Construction	192.0	12	189.8	14	138.9	12	153.8	14	80.5	9	62.2	9	62.7	10	98.3	16	66	12	90.7	17
Other**	4.0	-	2.3	-	2.6	-	1.6	-	1.7	-	82.9	11	65.4	11	60.4	10	63	12	64.7	12
Total	\$1,581.9	100	\$1,355.7	100	\$1,189.2	100	\$1,075.5	100	\$914.2	100	\$723.9	100	\$612.8	100	\$598.4	100	\$532.8	100	\$533.2	100

Operating Income* by Koppers Business Segments

(\$ Millions)

	1978	%	1977	%	1976	%	1975	%	1974	%	1973	%	1972	%	1971	%	1970	%	1969	%
Organic Materials	\$ 43.5	27	\$ 49.8	36	\$ 55.8	42	\$ 49.4	40	\$ 48.8	47	\$21.1	29	\$14.0	29	\$ 9.5	19	\$ 4.1	12	\$10.2	30
Road Materials	36.2	23	21.0	15	17.1	13	12.0	10	14.0	13	12.9	18	11.1	23	13.4	27	7.3	21	6.5	13
Forest Products	26.2	16	25.8	19	18.6	14	25.4	21	17.6	17	20.7	29	13.4	27	9.3	19	7.1	20	9.6	19
Engineered Metal Products	13.6	9	17.5	13	20.8	15	20.0	16	8.4	8	7.0	10	5.6	11	5.8	12	4.6	13	5.9	18
Total Manufacturing	\$119.5	75	\$114.1	83	\$112.3	84	\$106.8	87	\$ 88.8	85	\$61.7	86	\$44.1	90	\$38.0	77	\$23.1	68	\$35.1	70
Engineering and Construction	18.2	11	20.1	15	13.0	10	7.7	6	2.8	3	(2.7)	(4)	(1.2)	(2)	5.2	10	2.4	7	4.9	10
Other**	21.6	14	3.8	3	8.5	6	8.6	7	13.2	12	13.2	18	5.9	12	6.6	13	9.6	27	9.9	20
Total	\$159.3	100	\$138.0	100	\$133.8	100	\$123.1	100	\$104.8	100	\$72.2	100	\$48.8	100	\$49.8	100	\$35.1	100	\$49.9	100

*Operating income is before deductions for income taxes, interest costs and unallocated general corporate overhead, and does not include extraordinary items. See Table 4 on page 51. Income includes the effect from the change during 1974 to LIFO accounting for most domestic inventories. FIFO accounting was used in prior years.

**Includes unallocated corporate sales and income. See Table 4 on page 51. Income in 1978 resulted primarily from sale of Cutler-Hammer stock. From 1974, income included dividends received from ARCO/Polymers in prior years. Koppers' half of Sinclair-Koppers sales and operating income is included.