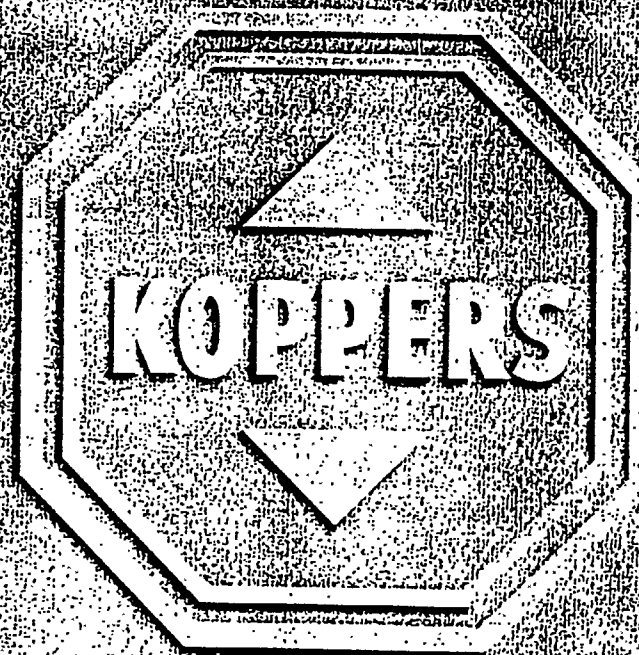


KOPPERS COMPANY, INC. ANNUAL REPORT 1962



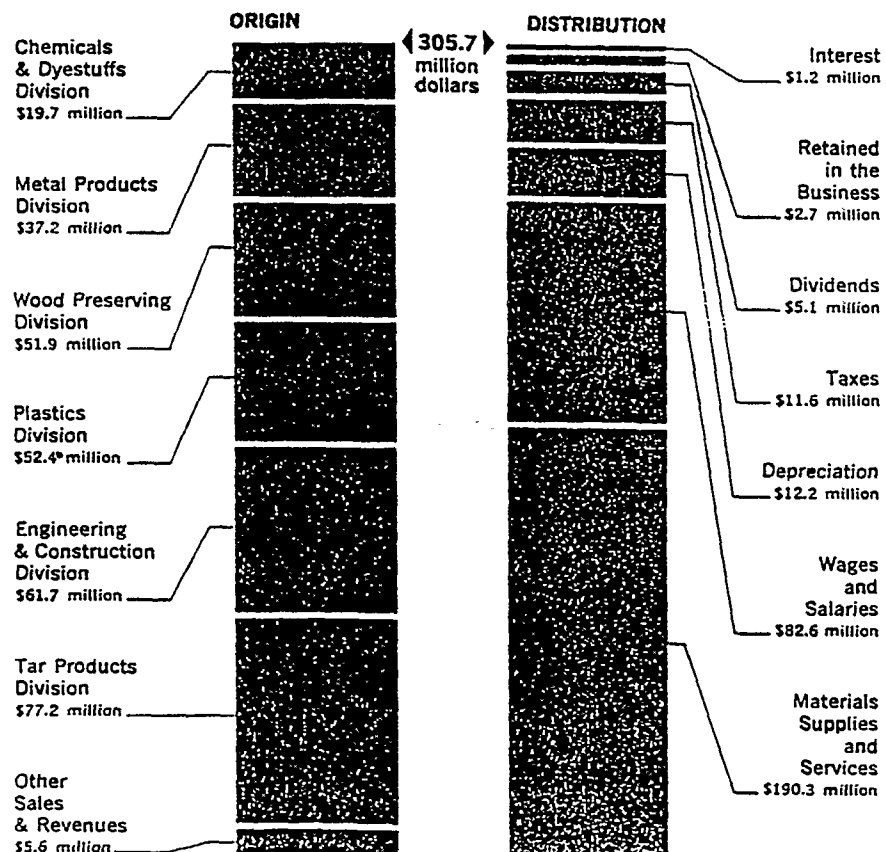
the year in brief

Total Sales
 Operating Income
 Total Assets
 Net Income
 Common Stock Outstanding
 Total Share of Common Stock
 Net Income
 Dividends
 Working Capital

1962
\$ 301,148,000
4,548,000
\$ 305,696,000
\$ 7,825,000
2,248,000
\$ 3.21
\$ 2.00
\$ 78,332,000

Current Shareholders: 15,457 / Employees: 11,297 / Plants: 31

Koppers 1962 revenue dollars



KOPPERS COMPANY, INC. ANNUAL REPORT 1962

contents

Inside Front Cover
The Year In Brief

Page 2
Letter to Stockholders

Page 5
Executive Changes

Page 6
Division Highlights

Page 14
National Advertising

Page 18
Directors of Koppers Company, Inc.

Page 19
Officers of Koppers Company, Inc.

Page 20
Report of Certified Public Accountants

Page 21
Consolidated Statement of Income and Earnings Retained in the Business

Pages 22, 23
Consolidated Balance Sheet

Page 24
Notes to Financial Statements

Page 25
Five-Year Financial Highlights

annual meeting

The next Annual Meeting of the Stockholders of the Company will be held on March 25, 1963 at the Penn-Sheraton Hotel (Urban Room, 17th Floor), Pittsburgh, Pa. The Management will solicit proxies for this meeting. A notice of the meeting, a proxy statement, and a form of proxy will be mailed to the Common Stockholders in connection with this solicitation in the latter part of February, 1963.

Two products of the Plastics Division are used in the presentation of this Report:

DURETHENE POLYETHYLENE FILM was employed by the Bemis Bro. Bag Company in producing the flip-close envelope used in mailing this Report.

The text of the Report is printed on the Oxford Paper Company's Polar Offset Enamel, which is coated with the Division's DYLEX K-54 STYRENE-BUTADIENE LATEX



C. Foy, Chairman F. L. Byrom, President

to our stockholders

January 28, 1963

1962 In Review: Total Company sales during 1962 were \$301.1 million, 10 per cent higher than the 1961 sales volume of \$273.4 million. As shown in the table on the opposite page, all of the Company's six Operating Divisions shared to some extent in the increase.

Net income for the year just completed was \$7,825,000, compared to \$6,721,000 in 1961. After provision for payment of preferred dividends, net income in 1962 was equivalent to \$3.21 per share of common stock outstanding at the year end, compared to \$2.67 per share earned in 1961.

Earnings during the past year benefited more than usually by profits realized from nonrecurring capital gains. The principal item of this nature in 1962 was a profit, equivalent to 34 cents per share, on the sale of the Thomas Flexible Coupling Company. A discussion of this transaction is presented below.

The Company's backlog of work on December 31, 1962 was \$123 million compared to \$140 million at the end of 1961. Backlog of the Manufacturing Divisions, taken as a whole, was slightly higher than last year. However, relatively little engineering and construction work, in those areas in which we specialize, was placed by the domestic steel industry during the year. And, while our Engineering and Construction Division held its position in the market in 1962, construction backlog at the year end was below the level of the previous year.

TIMBER LAMINATING FIRM MERGED WITH KOPPERS DIVISION

In July, the operations of the Wood Preserving Division were expanded when one of the nation's leading laminators of forest products—Unit Structures, Inc. of Peshtigo, Wisconsin—joined that Division.

The resources of the Koppers organization, combined with Unit Structures' capable management and work force, should enable us to greatly expand the future markets for the use of laminated wood products.

Max C. Hanisch, formerly President of Unit Structures, joined Koppers Wood Preserving Division as a Vice President and in that capacity continues to manage Unit operations.

COUPLING OPERATION SOLD TO CHAIN BELT COMPANY

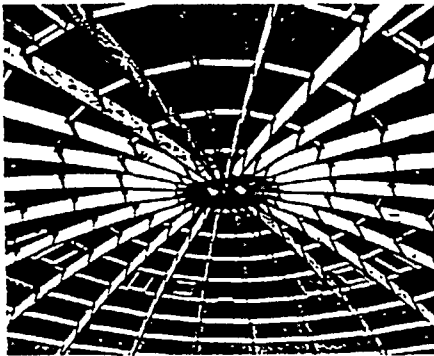
The Thomas Flexible Coupling Company (Warren, Pa.), acquired by Koppers in 1961, was sold last September to the Chain Belt Company of Milwaukee, Wisconsin.

Our acquisition of the Thomas firm had been challenged by the Justice Department as a civil violation of the Clayton Antitrust Act and, facing a costly and uncertain appeal to the United States Supreme Court to defend our right to retain Thomas, we decided that it was in the best interests of our stockholders to accept an attractive offer from the Chain Belt Company.

We wish to commend the management and employees of the Thomas firm for their loyal and industrious service during the period of their association with Koppers. The Chain Belt Company has agreed to keep the Thomas operation in Warren, Pa., and we are pleased that the interests of the Thomas employees and the community of Warren will thus be protected.

LONG STRIKE SETTLED AT KOBUTA PLANT

A major strike, which continued for 191 days, was experienced during the year at the Kobuta, Pa. plant of the Plastics Division. A number of inefficient work practices and restrictive contract provisions had made the Kobuta plant unable to compete effectively in the very competitive plastics industry, and Division management sought to eliminate certain of these cost-increasing practices during contract negotiations.



Skeleton of clear-span gymnasium formed by UNIT arches.

Under the terms of the settlement, reached early in November, Kobuta employees received a wage increase as well as improvements in fringe benefits while the local management gained more flexibility in operating the plant, which can now be operated on a more efficient basis.

ORGANIZATIONAL CHANGES

During 1962 two major organizational changes were put into effect to streamline the Company's existing operations, while at the same time laying the groundwork for future growth along orderly and profitable lines.

In June two Koppers Divisions which strongly complement each other—Gas and Coke, and Tar Products—were consolidated into one operating unit, which retains the name of the Tar Products Division. Although all of the activities of the formerly separate Divisions have been pursued aggressively since the merger, substantial cost savings have already become apparent as a result of the consolidation.

A Corporate Growth Planning Group was established during the year, as a part of the Office of the President, to provide better over-all coordination of the planning work performed by the Company's various operating units, and to guide the future course of the Company's growth. We felt it was important to the Company's future well-being to centralize basic responsibility for planning at this time, especially in view of the problems and opportunities posed by the technological changes which are occurring at an accelerating pace, and the economic and social adjustments

that are taking place in the United States and abroad.

This Group will identify specific growth markets which offer a potentially profitable opportunity for Koppers participation, and will explore possible ways for the Company to enter such markets. The President serves as Chairman of this Group, assisted on a full-time basis by three other experienced Company officers.

Capital Investments: Expenditures for acquisitions, investments, new plant construction, and expansion and modernization of existing plant facilities totaled \$13.1 million in 1962.

This figure is about \$5 million less than the Company had programed to invest during the year. This lower rate of investment does not represent any deliberate cut-back from planned levels, but instead is a reflection of cost savings on existing projects, delays caused by the extended strike at our Kobuta plastics plant, and revisions and improvements to existing productive facilities which raised present capacity and postponed the need for certain additional programed investments.

In addition to the Unit Structures acquisition, covered above, significant expenditures in 1962 included:

- completion of a new DYLITE foam polystyrene plant at Kobuta, Pa., which increases by some 60 per cent our capacity to make this popular, versatile plastic—now experiencing rapid growth in packaging, insulation, toy, and flotation applications,
- adaptation of a wood preserving plant at Oroville, California, to permit the treating of wood by the

net sales by divisions*

(In Thousands of Dollars)

Divisions	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953
Tar Products**	\$ 77,171	\$ 76,779	\$ 83,143	\$ 72,286	\$ 73,059	\$ 78,190	\$ 78,097	\$ 72,086	\$ 59,527	\$ 70,292
Plastics	52,423	51,617	52,652	50,537	43,248	43,376	—	—	—	—
Chemicals & Dyestuffs	19,750	17,787	15,617	16,562	14,466	13,914	—	—	—	—
Chemical	—	—	—	—	—	—	70,492	56,620	38,151	43,696
Wood Preserving	51,907	42,082	47,166	45,360	41,610	53,029	49,204	38,362	32,567	38,251
Metal Products	37,153	34,348	31,092	28,470	25,207	35,939	33,128	22,907	21,112	34,493
Total Manufacturing	\$238,404	\$222,613	\$229,670	\$213,715	\$197,590	\$224,448	\$230,921	\$189,975	\$151,357	\$146,732
Engineering & Construction	51,680	49,865	72,105	27,381	61,659	102,125	74,947	37,907	35,650	78,089
Other Sales	1,064	965	764	532	598	569	556	591	556	539
TOTAL	\$301,148	\$273,443	\$302,539	\$241,728	\$259,847	\$327,142	\$306,424	\$228,473	\$187,563	\$265,410

*Sales of the International Division are included in the appropriate divisions above. Sales for 1959 and prior years have been restated to include two wholly-owned foreign subsidiaries.

**Includes the former Gas & Coke Division, consolidated with Tar Products in June, 1952.

revolutionary new CELLON process, which imparts permanence to wood but does not change its appearance or valuable natural characteristics.

improvement and modernization of the Petrolia, Pa. plant of our Chemicals and Dyestuffs Division.

work on a new styrene-butadiene latex plant at Kobuta, Pa.,

completion of facilities to increase production of highest quality tar acids at the Follansbee, West Virginia plant of the Tar Products Division, and completion of a large new ethylene and polyethylene plant to be owned and operated by an Argentine affiliate of Koppers—Industrias Petroquimicas Argentinas Koppers, S.A.

Financial Matters: The Company's financial position continued strong throughout the year. Term debt at the 1962 year end totaled \$29.7 million; the ratio of term debt to total capitalization is 15.9 per cent. During 1962, short-term bank borrowings were utilized on several occasions to meet temporary cash demands. To facilitate such needs, we have arranged to continue

1963 lines of credit in the total amount of \$15 million with the same group of banks included in our Bank Credit Agreement.

Cash flow from operations in 1962—consisting of net income, depreciation and depletion, and deferred federal income taxes—totaled \$22.3 million or \$9.64 per share of common stock, up from \$8.13 per share in 1961.

The ratio of current assets to current liabilities at year end was 3.4 to 1. Inventories at December 31, 1962 amounted to \$48.0 million, a reduction of \$2.6 million from the level at the beginning of the year.

Distribution of Sales of the Five Manufacturing Divisions to Consuming Industries

	Percent	
	1962	1961
Chemicals, Plastics, Rubber, & Dye.....	38.0%	40.5%
Construction Materials.....	14.9	11.2
Industrial Machinery.....	12.5	11.7
Utilities.....	5.9	6.4
Highways.....	5.9	5.3
Railroads.....	5.1	5.5
Iron and Steel.....	3.6	3.1
Aluminum.....	2.5	2.6
Defense.....	1.3	1.3
Consumer Products.....	1.0	1.5
Miscellaneous.....	9.3	10.9
TOTAL.....	100.0%	100.0%

During the year dividends amounting to \$600,000, or \$4.00 per share, were paid to preferred stockholders. Common stockholders received total dividend payments of \$4.5 million, or \$2.00 per share.

Two positive actions were taken by the Federal Government during 1962 to accelerate the growth of the national economy: the 7 per cent tax credit on investments in certain new property provided by the Revenue Act of 1962, and the new Guideline depreciation schedules approved by the Internal Revenue Service to permit a more rapid recovery of investments in plants and equipment. The purpose of the Federal Government in taking these actions was to make funds available for the purchase of new and more efficient capital equipment and thus reduce costs, provide new jobs, and stimulate the country's economy.

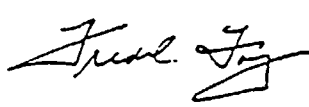
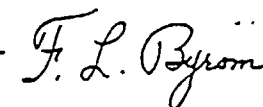
We have taken full advantage of the new Guideline depreciation schedules, and the 7 per cent investment credit, to reduce our income tax payments. The total cash gain to the Company as a result of the lower tax payments made possible by these two measures was \$2,445,000. However, the only part of this saving reflected in 1962 income was \$247,000, or 11 cents per share of common stock, which represents the permanent savings portion of the investment credit.

Company Units Report Directly to Stockholders on 1962 Operations: This year, we have asked the General Managers of our Operating Divisions, and our Director of Research, to report personally to our stockholders on the 1962 activities of their respective units. Comments of our operating management appear on Pages 6 through 13 of this Report. We hope you will find their remarks interesting.

Outlook for 1963: In 1963, we look for further improvement in the Company's sales volume, over the 1962 level.

Our 1963 operations are expected to be satisfactory. In line with most published economic forecasts, we expect our performance in the latter part of the year to be better than in the early months.

For the Board of Directors,

FRED C. FOY, Chairman

F. L. BYROM, President



W. P. ARNOLD



D. L. EYNON, JR.



P. W. BACHMAN



R. R. HOLMES



C. E. BROWN



J. H. REDMOND



J. E. SPEARS



C. H. POTTENGER



M. C. HANISCH



R. G. WILSON



W. A. ANDERSON

executive changes With the transfer in 1962 of three key executives into the Corporate Growth Planning Group, and the merger of two Divisions, a number of executive changes were put into effect to utilize as effectively as possible the Company's management talent in both operational and growth planning activities.

F. L. Byrom, President, appointed three Company officers, with diverse experience in a number of industrial fields, to help guide the future course of the Company's growth as members of the Planning Group:

Walter P. Arnold, Executive Vice President and a Director of the Company. Mr. Arnold, elected an Executive Vice President in 1958, was formerly General Manager of the Wood Preserving Division.

David L. Eynon, Jr., Vice President. Mr. Eynon was formerly General Manager of the Plastics Division.

Paul W. Bachman, Vice President. Dr. Bachman was formerly Director of Research of Koppers.

Robert R. Holmes, Executive Vice President, was named General Manager of the Plastics Division. With Koppers since 1923, Mr. Holmes most recently served as Comptroller of the Company and, from 1955 to 1958, was General Manager of the Tar Products Division. He was elected an Executive Vice President in 1958.

The management of the Plastics Division was further strengthened by the appointment of Chester E. Brown, Vice President, as Assistant General Manager of the Division. Mr. Brown has been with Koppers since 1949 and has held a number of production and marketing positions of increasing responsibility. Prior to his new appointment, Mr. Brown was General Manager of the Tar Products Division.

John H. Redmond, Vice President, who was formerly Marketing Manager of the Tar Products Division, was named General Manager of that Division.

John E. Spears, Vice President, was appointed Comptroller. Mr. Spears had previously been General Manager of the Gas and Coke Division. Since joining Koppers in 1929, Mr. Spears has had extensive experience in the areas of finance and control.

Carl H. Pottenger was named to succeed Dr. Bachman as Vice President and Director of Research. Mr. Pottenger joined Koppers in 1943 and, until his new appointment, was Vice President and Assistant General Manager of the Plastics Division.

Upon the merger of Unit Structures, Inc. with the Wood Preserving Division, Unit Structures' President Max C. Hanisch was named a Vice President of Koppers, and Manager of the Unit Structures Department. Mr. Hanisch was one of the founders of the Unit Structures operation, and helped Unit to achieve its present position as one of the nation's leading producers of glue laminated products.

Other major appointments during the year were:

Robert G. Wilson as Vice President and Assistant General Manager of the Engineering and Construction Division. Mr. Wilson was formerly Assistant to the General Manager.

William A. Anderson as a Vice President in the Engineering and Construction Division. Mr. Anderson is Koppers representative on the technical and management advisory contract with Acerias Paz del Rio, S.A.—a steel firm headquartered at Bogota, Colombia.

William P. Raines, formerly Manager of Advertising and Public Relations, as Manager of the Public and Community Relations Department, succeeding Ralph Winslow, who retired in 1962.



W. P. RAINES

DIVISION HIGHLIGHTS



T. C. KEELING, JR.

chemicals and dyestuffs division

I am pleased to report that sales of the Chemicals and Dyestuffs Division in 1962 improved 11 per cent over 1961, and reached the highest level in our five-year history. This fine record was the result of a successful effort on our part to move most of our product lines in greater volume, particularly the standard established lines. In addition, some of our newer lines showed increased activity. For example, sales of our AMACRON dyes, as well as our dyes for nontextile applications such as plastics and other purposes, were encouraging. I should also point out that both of our plants contributed to the Division's improved 1962 performance.

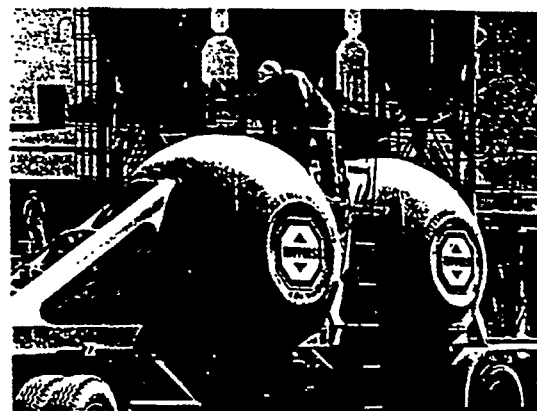
In keeping with our insistence on greater operating efficiencies we completed the replacement and relocation of manufacturing facilities, at our Lock Haven, Pa. plant, for the production of two important intermediates in the manufacture of dyestuffs. During 1962 we also undertook the improvement and modernization of our resorcinol producing facilities, to be completed early in 1963 at our Penacol plant (Petroliia, Pa.).

Continued progress was made during 1962 in the testing of dyestuffs for coloring anodized aluminum in a wide range of shades. A major aluminum producer was licensed to use the Division's ALOFAST process, and negotiations with several more aluminum firms are currently in progress.

In 1962, our Division introduced its unique SPERSAL method for dyeing polyester/cotton fibers. This simplified "one-bath" method makes it possible, for the

first time, to dye polyester cotton fibers in one operation, rather than separately, and cuts in half the time required for dyeing these mixed fibers.

Another innovation made during the year was the adoption of a new method of transporting sodium sulphate and sodium sulphite to our customers, utilizing



a dry bulk transporter or trailer, which will cut handling costs and provide better service.

On the negative side of the ledger, as far as this Division's operations are concerned, was the passage of the Trade Expansion Act of 1962 by the Congress. As a result of this action, we may be faced with even greater competition from foreign imports of dyestuffs and chemicals.

J. C. Keeling, Jr.

Vice President and General Manager



L. A. DENNY

engineering and construction division

Divisional sales in 1962 increased to \$61.7 million compared to \$49.9 million in 1961. The increase in sales was due primarily to work performed during 1962 on contracts that were in our backlog at the beginning of the year. Relatively few major new construction contracts were placed by domestic steel firms in 1962 and, while we more than held our position in the market for construction services, we are entering 1963 with a backlog below that at the start of 1962.

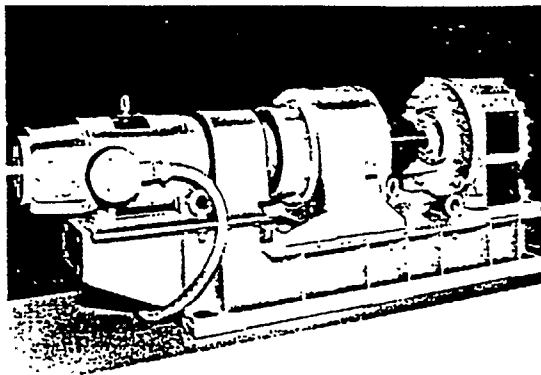
During 1962, we secured new contracts totaling about \$35.8 million. Some of the largest of these were a coke oven contract with the Ford Motor Company; a contract to build a basic oxygen furnace plant for the Wisconsin Steel Division of International Har-

vester Company; and a contract with Empresa Nacional Siderurgica, S.A. to design and furnish equipment for a new blast furnace at Aviles, Spain. Another important contract, involving engineering and equipment for a new blast furnace, came from Cosider S.p.A. at Bagnoli, Italy.

Construction of the Strategic-Udy kiln and furnace smelter plant at Matanzas, Venezuela, is progressing on schedule and production will start early in 1963. We have every confidence that this commercial iron plant will demonstrate the economic feasibility of the Strategic-Udy process for smelting iron. Koppers then will be in a very good position to secure plant construction work based on this process, particularly in foreign areas where the numerous inquiries sent to us cite a

need for small tonnages of metal employing entirely native raw materials.

Operation began on our first commercial installation of a system for the direct injection of raw coal into the



This patented coal feeder—the heart of Koppers new Coal Injection System—is now operating at a large steel plant.

blast furnace. The system, installed for National Steel Corporation at Weirton, West Virginia, will enable them to replace with raw coal an appreciable percentage of the coke normally fed to the blast furnace. As a supplementary fuel, coal has distinct economic advantages over oil or gas and, in general, can be used in greater proportions. The steel industry is watching this first commercial installation with great interest.

Excellent progress was made in 1962 on the fully integrated steel plant that Koppers, together with Westinghouse and Blaw-Knox, is erecting at Ereğli, Turkey. Most of the required piling has been driven and considerable progress has been made in pouring foundations. Approximately 25 per cent of the material and equipment required for the plant has been delivered to the job site. Cooperation of Turkish and other sub-contractors has been excellent. Construction work is on schedule, and it is anticipated that the plant—with an annual capacity of 470,000 metric tons of ingots—will be completed early in 1965 as planned.

A major revolution is taking place in the production and processing methods within the steel industry. A prime example is the new steelmaking method called the basic oxygen furnace process. It offers both lower capital cost and lower operating cost for producing a ton of steel, compared to the traditional open hearth process. Most of the major U. S. companies are now

building such plants, or planning them as part of their modernization programs. We are established in this field through the success of the oxygen furnace plant completed in 1961 for Jones & Laughlin Steel in Cleveland, which holds a number of tonnage production rate records. We are presently engineering the world's largest oxygen furnace for Cosider S.p.A., which will be capable of producing heats of 300 metric tons. Our position in this field was further solidified by the award to Koppers, late in 1962, of a major contract to design and build a 1,000,000 ton-per-year oxygen furnace plant for International Harvester. Start-up of this plant is scheduled for the third quarter of 1964.

We might emphasize that both the oxygen furnace plant built for J&L Steel, and the new International Harvester job, represent "turn-key" contracts—where Koppers is responsible for the performance of all design, engineering, procurement, and construction services necessary to bring the plant to final completion.

During 1962 there was a reawakening of interest in the continuous casting of large slabs among major American steel producers. This was due principally to the coming into production of the first large European slab machine at Dillingen, in the Saar. Koppers has been offering substantially similar machinery to the American market since 1956.

A related but separate field is the continuous casting of small steel billets, from 2" to 6" square. In April, at Premier Steel Mills, Ltd. in Edmonton, Alberta, operations were started on an entirely new type of billet casting machine which was developed, designed and built by Koppers.

The rapid attainment by this machine of full operational status, together with product quality improvement, increased yields, and increased productivity in subsequent rolling operations, have greatly impressed a number of other billet and bar producers. We have several proposed projects for similar machines that are approaching definite contract status, and are receiving many further requests for price quotations.



Twin-strand continuous casting at Premier Steel

H. A. Deury

Vice President and General Manager

DIVISION HIGHLIGHTS



G. W. NAYLOR

international division I am happy to report that in 1962, the sixth year since the International Division was formed, we have continued to maintain a high rate of growth.

In these six years we believe that we have established a sound foundation permitting still further expansion into additional world markets.

Early in the year, a Marketing Department was added to the Division to aid in new market development, selling and merchandising, Division planning, and sales and marketing management assistance to subsidiaries and affiliates.

Product sales for 1962 remained at about the same level as the previous year, despite extremely severe price competition.

Construction of new ethylene/polyethylene plant facilities for Koppers Argentine affiliate—Industrias Petroquimicas Argentinas Koppers, S.A. (IPAKO)—was completed, and the new plant is currently in an initial start-up phase. During construction last year another program, to further increase IPAKO's ethylene/polyethylene capacity, was started.

As a part of the program to develop the plastics market in Argentina, a new consumer products company, to produce large and unusual articles principally from materials furnished by IPAKO, was formed in Argentina by our local subsidiary.

In Brazil, record amounts of material were sold by our affiliates—Estireno and Plasticos—and this in turn made necessary the further expansion of facilities. Also in Brazil, our new construction subsidiary, Setal Koppers, experienced a substantial growth and excellent progress in the first year of operation, despite unfavorable national conditions reported in the news. This subsidiary is presently working on important contracts in the steel, petroleum, chemical and industrial fields.

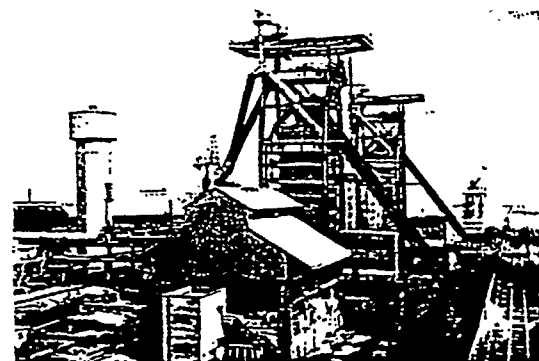
In the Philippines, under the new Administration which took office in January of 1962, a Presidential Committee was established which is now giving new direction and support to the integrated iron and steel project. Steps were taken to make the steel plant entirely a private enterprise. Financing plans are well advanced, and a final report is presently being reviewed by the Export-Import Bank. Meanwhile, engineering work has been proceeding under an interim contract.

Proposals were brought to an advanced stage of negotiation for integrated steel plants in Nigeria and

Morocco, a sinter plant in Spain, and chemical plants in India.

Blaw-Knox Associates—consisting of Blaw-Knox, Koppers International, Westinghouse Electric International and the International Investment Company—was formed in 1962 and successfully carried out a feasibility study in Korea for an integrated iron and steel plant of 300,000 tons annual capacity. As a result of the study an agreement was signed by Blaw-Knox Associates with the Korean Government and the Korea Steel Company for the construction of this plant, when a suitable financing plan can be arranged.

The three South American steel firms which Koppers assists through technical and management advisory contracts had generally successful years in 1962. The Colombian steel plant, Acerias Paz del Rio, S.A., set new production records during the year. In Chile the steel firm of Compania de Acero del Pacifico, S.A., enjoyed a record volume of domestic sales, with earnings at an all-time high. The new integrated steel plant in Venezuela, operated by Corporacion Venezolana de Guayana, began production in 1962, and all major units at this plant are expected to operate by mid-1963.



United Arab Republic steel plant at Helwan, near Cairo.

A management and technical assistance agreement was entered into with the Egyptian General Organization for Metallurgical Industries. Its purpose is to bring the U.A.R. integrated steel plant at Helwan and smaller plants at Cairo and Alexandria up to designed operating capacity, and to assist in further expansion projects. This contract is expected to lead to considerable engineering and construction work in various fields.

G. W. Naylor

Vice President and General Manager

metal products division Business was good for the Metal Products Division in 1962. Sales increased for the fourth consecutive year. The total volume of \$37.2 million was greater than in any year since 1943. New orders were at the highest level since 1951.

Prices were not increased on any product line, and negotiated contracts were taken under extremely competitive conditions.

All product lines were subjected to intensive re-engineering programs which, together with research and development activities, made many new features available to our customers.

Increased wage costs were offset by further cost reduction programs and by the installation of modern equipment.

Overhead personnel were reduced in number but continued to be upgraded in quality of performance.

Two product lines were sold during the year. In addition to the Thomas Flexible Coupling Company, covered earlier in this Report, the AEROTURN reverse jet dust filter business was sold to Buffalo Forge Company, because of the high cost of servicing a market with which the Division had little other contact.

Product Achievements: Orders and sales of piston rings were the highest since the Korean War.

Orders for seals were the highest in six years.

Orders for Hooper corrugated box machinery, and Swift corrugating machinery, were the highest in history.

The Hooper-Swift GLU-LOK printer-slotter-folder-gluer, installed at a plant of a major manufacturer of corrugated boxes in September of 1961, has proven to be eminently successful. A significant volume of new business has been received as a result of this success.

plastics division The physical volume of Division sales in 1962 was more than 12 per cent higher than in 1961. However, due to continued and persistent price erosion in many of the areas of our business, dollar sales increased only moderately.

In July we completed an enlargement of our DYLITE expandable polystyrene plant at Kobuta. This expansion increases, by about 60 per cent, our ability to produce this versatile, lightweight plastic. Demand is increasing for DYLITE in applications such as packag-

Sales of fans were the highest in nine years. Orders have been received for a giant 28-foot diameter fan designed for use in modern cooling towers. Blades are of extruded aluminum with a ductile iron hub protected by the Company's BITUMASTIC coating.

Orders for precipitators were the highest in six years.

Two highly successful installations of our SILENT-WALL construction have recently received a great deal of attention in the architectural and educational fields. These sound-attenuating automatic folding walls are used to divide large indoor spaces, such as auditoriums, into several smaller soundproof areas. In applica-



tions such as school auditoriums, which are used only about 10 per cent of the school day, SILENTWALL can increase room utilization to as much as 100 per cent by creating a number of classrooms which can be used simultaneously with no distracting noise.

The outlook for 1963 remains promising. It is anticipated that the Metal Products Division will continue its improving performance.

Harry B. Cummings
Vice President and General Manager



H. B. CUMMINGS

ing, low-temperature insulation, flotation items, and as a construction material. Start-up of the new DYLITE plant was accomplished smoothly and within the planned time schedule, even though a strike was then underway at the Kobuta plant.

Our Kobuta plant was on strike for 191 days. During this period the plant was operated by supervisory personnel, and all customer requirements were supplied.

As a result of the strike, completion of the expansion



R. R. HOLMES

DIVISION HIGHLIGHTS

of styrene-butadiene latex facilities scheduled for 1962 has been delayed until the second quarter of 1963. This expansion will double our capacity to produce latices, used primarily for textiles, rug backings, paint, and paper coatings.

At the Kobuta plant we developed a new high-impact polystyrene specifically for the cleanser container market. This new product, DYLENE 401, makes it possible to vacuum form containers



with thinner walls than previously possible, and thus achieves material savings as well as lower shipping weight. Purex Corporation, Ltd. is now marketing Dutch Cleanser in a container thermoformed from the new

DYLENE 401, and has referred to this container as "The first major cleanser packaging development in 40 years."

As a result of technological improvements at our Port Arthur, Texas, low-density polyethylene plant, we have upgraded the quality of our film-grade resin for packaging use, and increased plant capacity.

The first full year's operation of the Sinclair-Koppers styrene monomer plant at Houston, Texas—owned jointly by Koppers and Sinclair Oil Corporation—was completed in 1962. Production at this new plant was higher than we had expected it to be at this stage, and averaged nearly 90 per cent of designed capacity. Styrene monomer is a raw material for the synthetic rubber industry, and for production of polystyrene, expandable polystyrene, and latex products.

R. P. Holmes

Executive Vice President and General Manager



I. H. REDMOND

tar products division Sales of the Tar Products Division increased in 1962. Record sales volumes were realized on a number of product lines, including road materials, carbon pitch, chlorinated products, and antioxidants. High sales levels were also attained for creosote, and coal-tar pitch and tar impregnated felt for built-up roofs.

In the industrial coatings field, however, the past year was marked by slowness in the release of major pipeline projects by the Federal Power Commission. The Commission's December 1, 1962 backlog of 9,771 miles of pipelines, involving 70 major unreleased projects, was at or near an all-time high of nearly a billion dollars.

Although the Division's 1962 sales volume was gratifying, pronounced price weakness was evident in a number of important product lines. Excessive domestic and world capacity brought about lower prices in products such as naphthalene, phthalic anhydride, and phenol. And the Division experienced mounting pressures from competitive products such as asphalt roofing and paving materials.

We are meeting the challenge presented by this price erosion with a specific three-point program to further improve our efficiency and reduce costs:

(1) Reduction of inventory and operating capital requirements to the minimum effective level. In 1962

we reduced our working capital requirements significantly through intensive inventory control measures and close attention to accounts receivable.

(2) Streamlining and consolidation of our organization and procedures. We are consolidating three Houston, Texas, facilities at one deep water location. We also sold our Kearny, New Jersey, facilities for the production of packaged moth prevention products, the only consumer-type product in our line and thus difficult to market on an efficient basis. Also, continued progress was made in applying electronic data processing techniques to the handling of the essential information needed for the conduct of our business. This progress has resulted in economies, particularly at field locations.

(3) Modernization of our plant and transportation equipment to produce and deliver increased volumes of higher quality products at competitive prices.

In line with this program, a number of capital improvements were undertaken in 1962.

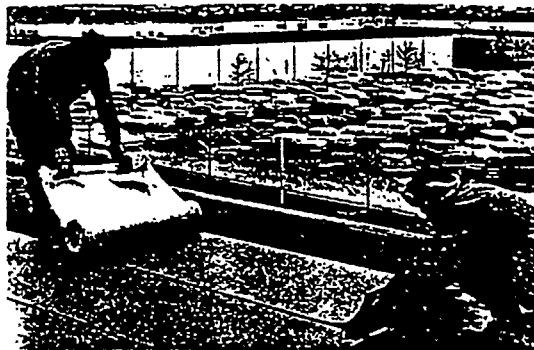
Tar acid production facilities at our major chemical plant (Follansbee, West Virginia) were improved and expanded. This expansion was substantially completed by the end of the year, and we are now prepared to supply increased volumes of more closely fractionated, highest quality coal-tar derivatives such as phenols, xylenols, cresols and cresylic acids to the ever-

growing chemical and plastics industries.

New facilities were completed at our Wyandotte, Michigan, chemical plant for the production of KOPOX resins used in epoxy molding powders and encapsulating compounds for the electrical industry.

Other capital funds were used to improve the quality and physical form of our industrial coal-tar pitches, to modernize tar distillation equipment, provide better and more economical terminal facilities, and modify existing facilities for the production of industrial refined naphthalene at the Follansbee plant—to enable us to produce both crude and refined naphthalene competitive in quality and price with any now being marketed.

A major new product—BITUMAGIC cold-applied roofing—was introduced by the Division in 1962. BITUMAGIC is a coal-tar pitch impregnated glass mat to which is applied a specially compounded waterproof pitch adhesive. The product (frequently described as “band-aid” roofing) is easy to apply, adheres to any clean surface, has factory controlled uniformity and is applied cold, thus eliminating fumes.



It has been well received in limited marketing done to date and gives promise of opening new market areas rather than replacing existing business.

Plans are also well advanced for expanding our line of cold-applied coatings to include, for the first time, colored coatings: as well as improved chemically cured coatings based partially on materials produced at the Wyandotte plant.

John H. Redmond
Vice President and General Manager

wood preserving division In July we acquired Unit Structures, Inc. of Peshtigo, Wisconsin, a company engaged in the manufacture of wood laminated structures. This is a part of the Division's long-range program to diversify through acquisition and expansion into fields showing a long-term growth trend. Unit Structures has been a leader in the wood laminating field over an extended period of years and has an outstanding organization. Unit operates plants at Peshtigo, Magnolia, Arkansas; and Morrisville, North Carolina. All locations manufacture laminated structural arches, beams, roof decking, roof trusses, and specialty laminated products for use in commercial and industrial buildings, schools and churches.

Major efforts during the year were directed toward developing increased customer acceptance of our new CELLON process. Operations at our first commercial CELLON plant located at Oroville, California, began about the middle of the year. This plant has remained busy continuously and currently has a sizable backlog. Customer acceptance to date has been satisfactory and we are sufficiently encouraged to plan additional CELLON capacity for installation during 1963. These new installations will likely be made in the southeastern

part of the United States. Also, negotiations are currently underway with prospective licensees for the use of this process. It is expected that the CELLON process will result in both an improved method for treating products currently in use, and a means for substantially broadening the market for treated forest products.

Sales of NON-COM fire-protected wood in 1962 increased substantially over the preceding year. NON-COM sales were up in three categories: sales of NON-COM chemical salts to our licensee treaters; sales of NON-COM wood from our own treating plants; and, most significantly, in the sale of our “Treatment Service Only” to wholesalers, distributors, and dealers who supply their own wood for NON-COM treatment in our plants.

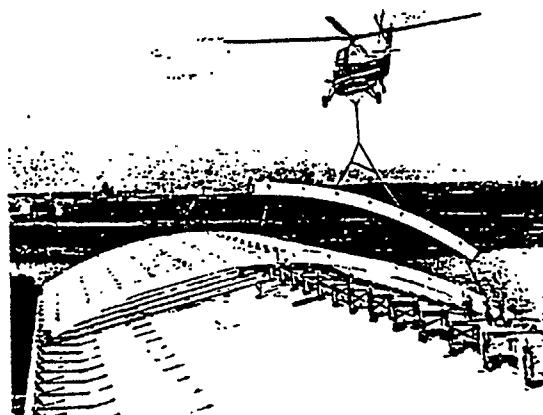
An over-all 50 per cent increase in the number of orders booked during the year testifies to the rapidly growing recognition of NON-COM lumber and plywood as an ideal construction material—for schools, churches, public buildings, and commercial and industrial structures. Lumber and plywood manufacturers, too, are becoming more aware of the value of NON-COM treated wood. This wood helps lumber firms to



DOUGLAS GRYMES, JR.

recapture lost markets, particularly for studs in fire resistive walls and partitions in high-rise apartment and office buildings, and roof decking for commercial and industrial buildings.

The growing market for NON-COM treated wood will



NON-COM lumber and UNIT laminated arches combine to insure a long life for this new warehouse.

be further developed in 1963 by continuing promotional and educational work with building code officials, insurance underwriters, and architects and engineers.

In line with our long-range plan for consolidating operations to fit the changing character of our markets, one additional plant was closed during the year and its activities consolidated with those of other plants. Additionally, our plant at Houston, Texas, was moved to another location in the same area, one which will be substantially more suitable for our operations than was the former site. We also disposed of three parcels of real estate which had formerly been plant sites.

Our sales of WOLMAN salts continue to improve, and during the year two new licensees were added. We now have fifty-one licensees using this product.

While sales of our major products in the railroad field declined during the year, improvement is expected in 1963. Sales to public utilities and in the general construction field showed substantial improvement, and we expect these sales to remain at the current level during the next year.

Walter H. Koppers
Vice President and General Manager



CARL H. POTTENGER

research department: During 1962 a number of significant technological advances were made by scientists at the Company's Monroeville and Verona Research Centers. As augmented and put into practice by the engineers and scientists of the various Operating Divisions, these findings offer an opportunity for profitable product sales during 1963 and subsequent years.

Patents: During 1962, 85 U. S. patents were granted to Koppers inventors. Seventy-two new applications were made in the United States, 31 in Canada, and 226 in other foreign countries. This patent activity covers inventions made by all units of the Company.

Exploratory Research: The work on the Koppers Hydrate Process for removal of salt from sea water continued during the year with partial support from the Office of Saline Water, U. S. Department of the Interior. The construction of a 10,000 gallon-per-day pilot plant is the subject of current negotiation with the Saline Water agency. Significant progress during 1962 in several problem areas has made such a move feasible.

Work on other U. S. Government research problems continues. We are aggressively seeking to participate in those Government-sponsored contract research programs which will broaden our research capabilities, or which promise to open new fields of profitable activity for the Company.

Chemicals and Dyestuffs Division: The leading position of Koppers as a supplier of ingredients for adhesives used to bond rubber to textile cords, in the manufacture of rubber tires, was further strengthened during the year. Significant progress was made on improving our resorcinol resins to provide better adhesion between butyl rubbers and other new types of rubber stock, and the new polyester and high-tensile rayon cords. This type of research is aimed at insuring that, as quality demands become more stringent, our product is continually improved to meet such requirements.

The Division's line of PENACOLITE adhesives, used in wood laminations, was modified to lessen odor, and to make possible the lower-cost lamination of some species of wood.

Additional colors were added during the year to the

Company's line of AMACRON dyestuffs for polyester fibers. New vat dyes for cotton fabrics were made available during the year, and the Division's line of ALOFAST colors for the dyeing of anodized aluminum was further broadened.

Plastics Division: Joint work with the Plastics Division has resulted in the commercialization of five new low-density polyethylene resins at the Division's plant at Port Arthur, Texas. These efforts have also eliminated a costly step in the manufacture of high-clarity film resins for packaging use.

To improve the Division's process for making SUPER DYLAN high-density polyethylene, a new catalyst system has been introduced which permits the production of the stiffer and stronger resins needed by the bottle industry. Significant improvements in plant operation have been the result of joint study by Research Department and Plastics Division personnel. Catalyst requirement per pound of product has been reduced, while product quality and plant output have been significantly increased.

During 1962 a new process for the manufacture of the foam plastic, DYLYTE expandable polystyrene, has been developed. This process will provide material more suited to the demands of our customers in this growing area of the Company's business. Improvement in specialty grades of expandable polystyrene such as self-extinguishing, solvent-resistant, and extrudable grades is the subject of current research programs.

Several grades of our DYLEX styrene-butadiene latices were improved during the year. An improved high-solids latex for use in rugs and upholstery fabrics was commercialized in 1962. Conclusion of long-term weathering tests of other latex formulations, used in the production of paint, have indicated that these new latices will be available for commercial sale in 1963. These improved latices provide better adhesion and higher impact strength when used in primers for industrial and automotive coatings; and better weathering characteristics when employed as outdoor paints.

A new high-impact polystyrene of excellent strength and processability is being scaled up for commercial production.

Results of laboratory and computer studies of the polymerization of our general purpose polystyrene, DYLENE 8, have demonstrated an improved production cycle. Further laboratory and mathematical studies are

directed to the study of factors causing variations of quality. It is expected that this work will permit us to better serve the demands of customers for this product, which has higher tensile strength and heat resistance than any competitive general purpose polystyrene.

Tar Products Division: Novel and superior protective coating formulations, made with the Company's new KOROX epoxy resins, have been prepared for baked enamel finishes on appliances and other products.

In the field of antioxidants, new types are being developed to meet the special stabilization requirements of the newer synthetic rubbers and polymers.

Wood Preserving Division: An interesting example of the solution of a problem by analogy of chemical structure is provided by the development of a repellent



Woodpeckers can cause severe pole damage.

which protects utility poles against the attack of woodpeckers. The depredations of these "feathered friends" are responsible for damage to poles amounting annually to millions of dollars. Through knowledge of the structure of certain chemical compounds, present in a few species of wood not subject to woodpeckers' attack, a repellent grease was developed and introduced commercially in 1962. This grease has demonstrated excellent results when applied to poles in areas of severe incidence of damage by these birds, without harming the birds in any way.

Research continued during the year on treatments to eliminate the tendency of wood to swell or contract with changes in atmospheric humidity.

Carl H. Pittenger

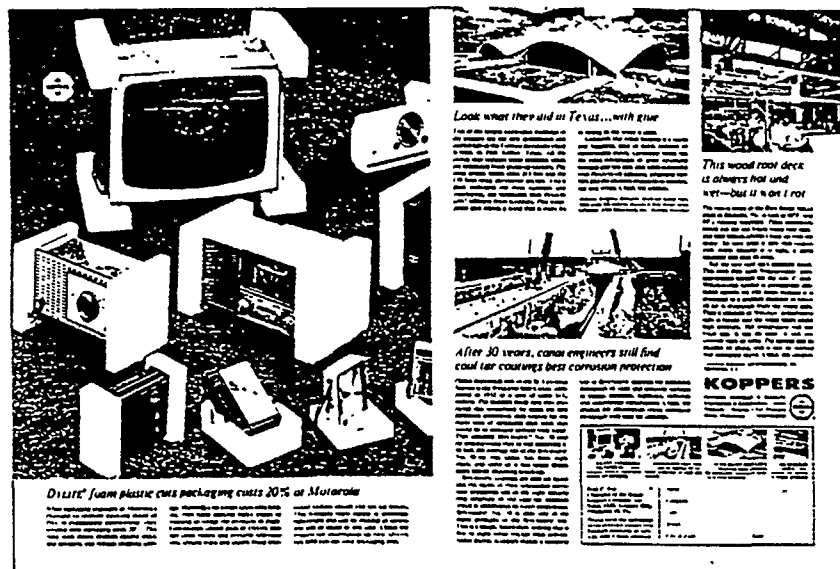
Vice President and Director of Research

1962 CORPORATE ADVERTISING HIGHLIGHTS

On these two pages selected product stories from Koppers 1962 Corporate Advertising Campaign are presented, in condensed form, to inform stockholders about some of the newer and more interesting applications of Koppers products. In most instances, a more complete story was told than in the versions reprinted here.

These inquiry-pulling advertisements were directed primarily to business executives in 1962, through the pages of BUSINESS WEEK, FORBES, FORTUNE, WALL STREET JOURNAL and U.S. NEWS & WORLD REPORT.

If you would like more information about any of the products described on these pages, a coupon is included for your convenience on Page 17.



Look what they did in Texas...with glue

For all the years Koppers has been known as the world's largest manufacturer of wood preservatives, it has also been known as the world's largest manufacturer of wood adhesives. And now, with the introduction of its new KOPPER-BOND, it has become the world's largest manufacturer of wood glue.

This wood roof deck is always hot and wet—but it won't rot

After 30 years, some engineers still find that Koppers' best corrosion protection.

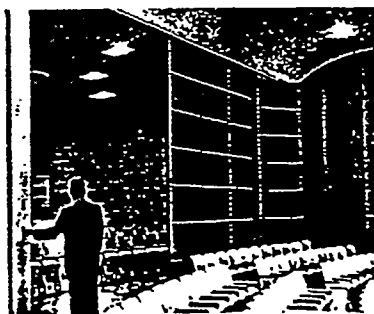
KOPPERS

Dylite® foam plastic cuts packaging costs 20% at Motorola

Motorola's new Dylite foam plastic packaging is a major step forward in the use of lightweight, cushioning materials. It is a rigid, closed-cell foam plastic that is easy to handle, and it is completely non-toxic and non-flammable.

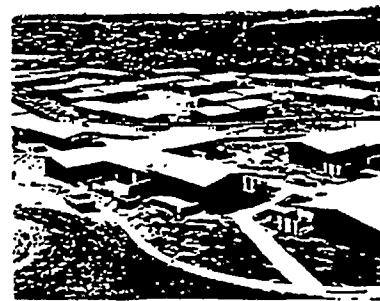
1 SILENTWALL* increases auditorium utility 90%

Most school auditoriums are used only about 10% of the school day. In Boulder City, Nevada, designers of the high school wanted to make better use of their new auditorium's facilities. They installed SILENTWALL, a new sound-retarding automatic folding wall made by Koppers. SILENTWALL is moved by small electric motors to divide a large space quickly and easily into smaller, quiet rooms for group or team teaching. Now Boulder City can use its auditorium nearly 100% of the time, thanks to this development.



2 Wood that fights fire protects these homes

These 67 new homes in the San Diego area are designed for retired people—and to make them more fire-safe, NON-COM* fire-protected lumber was specified for all rafters, spacers and exposed ceiling beams. NON-COM wood is pressure-impregnated with chemicals that, if exposed to temperatures approaching the ignition point of wood, produce carbon and water vapor that choke off any flame and prevent fire spread.



*Koppers Trademark

3 26 roofs 26 years old and still going strong

Back in 1936, the builders of the Berthold S. Pollack Hospital, Jersey City, N. J., decided to protect their building investment with Koppers coal tar pitch built-up roofing. Even though the Koppers roofs on the 26 separate levels of this hospital have outlived their 20-year guarantee, they still remain watertight and maintenance free.

Each roof is made of alternate layers of coal tar pitch and felt, topped with gravel. Unlike other roofing materials, coal tar pitch has a tight molecular structure which permanently resists water penetration. And coal tar pitch permanently retains its characteristic "cold flow," healing hairline cracks or alligatoring that result from sudden temperature changes. Roofing troubles thus stop before they start.

Some Koppers built-up roofs are water-cooled, and have been constantly flooded for more than 20 years without deterioration or leakage.

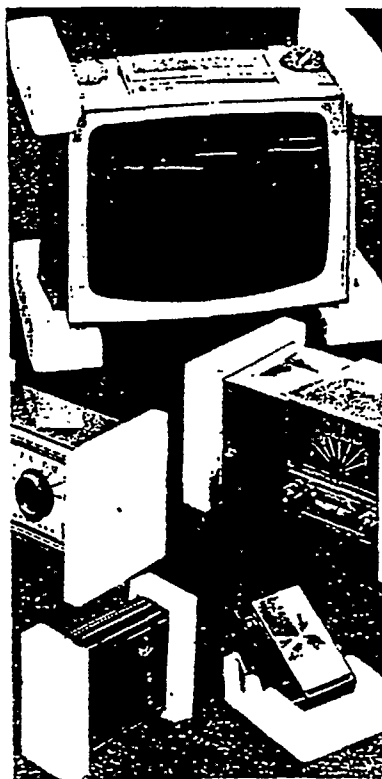
Because coal tar pitch resists weathering, wind and hail so well, Koppers 20-year bond has just been increased to 25 years—even on water-cooled roofs!



4 DYLITE® cuts packaging costs 20% at Motorola

When packaging engineers at Motorola changed to interior packing made of DYLITE expandable polystyrene, they lowered their packaging costs 20%. This rigid foam plastic protects against shock and abrasion, and reduces shipping damage.

Motorola no longer takes time folding, then hand packing bulky pieces of wadding to wedge the products in place. Easy-to-pack corner pads of DY-LITE protect clock radios and portable television sets. DY-LITE trays and inserts brace transistor radios inside the set-up boxes. This Koppers foam plastic is extremely lightweight and can be molded in almost any size or shape at low cost.



5 New plastic package for Dutch® Cleanser

The Purex Corporation, Ltd., makers of Dutch Cleanser, recently introduced what has been called "the first major cleanser packaging development in 40 years." Their new bright yellow, semi-rigid package is thermoformed from sheets of pigmented high-impact DY-LENE® 401 polystyrene, a formulation developed by Koppers specifically for this package.

DYLENE was chosen for this unique container because Purex wanted a package that would not scratch surfaces, leave rust rings, or become soggy in wet hands of the housewife. This DYLENE package is a favorite among housewives because of its attractive appearance and obvious advantages over the metal-ended paperboard containers. Distributors like its compact design because the package occupies 6 1/2% less shelf space and stacks by the use of a recessed nesting device.

Adaptable to low-cost mass production methods and almost unlimited design possibilities, DYLENE polystyrene is ideal for packaging uses.



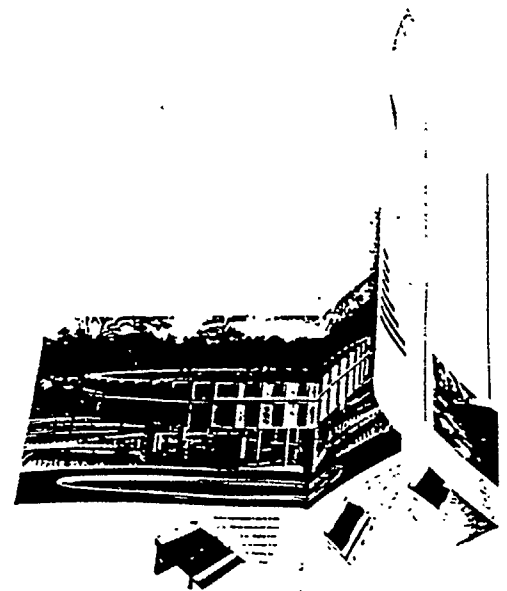
1962 ARCHITECTURAL ADVERTISING HIGHLIGHTS

On these two pages another of Koppers 1962 national advertising campaigns is illustrated in brief form.

Because so many Koppers products are used in the building industry, a highly specialized advertising campaign was initiated during 1962 to promote these products to leading architects and engineers. The six-page "Design Ideas" folder shown here was bound into regular issues of ARCHITECTURAL FORUM, ARCHITECTURAL RECORD and ENGINEERING NEWS-RECORD.

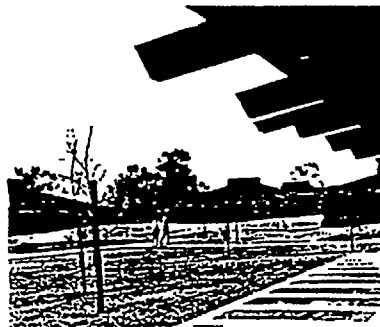
In these folders, readers are provided detailed information—including job specifications and working drawings—on new and interesting applications of Koppers building products. A few of the product stories (without the details or drawings) are presented here in condensed form.

If you would like more information about the products featured in these stories, please check the inquiry coupon on page 17.



6 Wood fights fire at this new campus

In this award-winning 36-building campus, more than 200,000 board feet of NON-COM* fire-protected lumber and plywood were installed. Foothill Junior College uses wood extensively—wood pressure-treated with Koppers chemicals that resist rot and termites, and provide automatic protection against fire. At temperatures below the ignition point of wood, the chemicals produce carbon and water vapor that choke off any flame and prevent the spread of fire. This protection is permanent—safe from any mechanical failure or human error.



*Koppers Trademark

7 The bank shown above sits in water—and it's waterproof

A 26-foot-wide moat surrounds this Birmingham Federal Savings and Loan Association branch office in Vestavia Hills, Alabama. The 3,100-square-foot flat roof extends 13 feet out over the moat and supports an opaque sun screen that circles the glass and aluminum walls. The roof and the moat were both waterproofed with the same basic material—coal tar pitch.

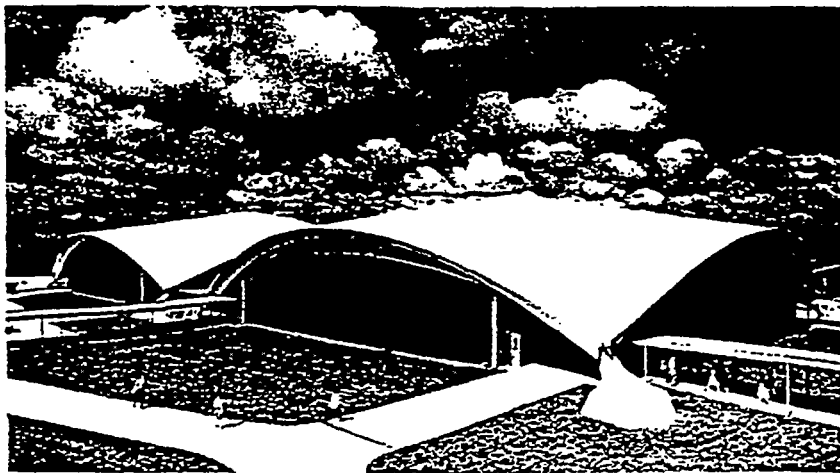
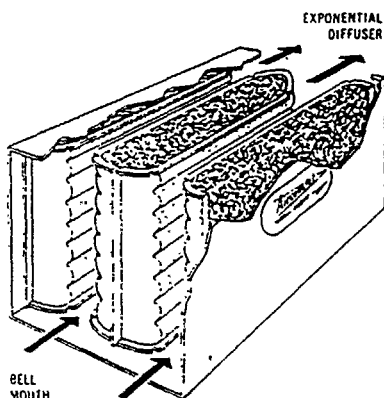
The roof is a five-ply Koppers built-up roof—constructed of alternate layers of coal tar pitch and felt, and topped with gravel. It has Koppers 25-year guarantee of trouble-free service.

Unlike other roofing materials, coal tar pitch has a molecular structure that permanently resists oxidation and the penetration of water and water vapor. Also coal tar pitch's unique property of "cold flow" actually seals hairline cracks and stops trouble before it starts. Many Koppers built-up roofs are more than 30 years old and still in excellent condition.

Coal tar pitch also protects against water penetration at the base of the building wall facing the moat.

8 Now, a building can be cool and quiet

AIRCOUSTAT® sound traps were designed into the Time-Life Building to sound-condition the office areas—now air conditioning noise is silenced and the building is both cool and quiet. With these AIRCOUSTAT sound traps, architects and engineers can design sound conditioning into air conditioning systems: Koppers guarantees noise reduction and predictable pressure drop. Ideally suited for both small and large systems, these sound traps install in the ductwork where space requirements are critical.



9 Unit Structures laminated arches span 215 feet

The gymnasium and the auditorium of the new Thomas Jefferson High School in Port Arthur, Texas, contain clear span diagonal arches 215 feet long and 41 feet high. Each of the 150-foot-square buildings also has 20 secondary arches decreasing in span from 150 feet at the perimeter to 30 feet near the crown.

All the arches and purlins are laminated Southern Pine. The main diagonals and perimeter arches were glued with a waterproof adhesive that makes a bond as strong as the wood it joins and will never weaken with age or exposure to weather or strain.

Before the architects completed their plans for laminated wood arch construction, they investigated other basic structural systems to determine lowest cost . . . from comparative weights which would affect foundations, to the final finish requirements. This comparison showed that the glued laminated arch construction was the most economical. All laminated members were fabricated by the Unit Structures Department of Koppers Wood Preserving Division.

To:

Fred C. Foy, Chairman
Koppers Company, Inc., Room 1435
Koppers Building
Pittsburgh 19, Pa.

Please send additional information about:

- ☐ 1 SILENTWALL
sound-retarding folding walls
- ☐ 2 NON-COM
fire-protected wood
- ☐ 3 KOPPERS
built-up roofing
- ☐ 4 DYLLITE
expandable polystyrene
- ☐ 5 DYLENE
polystyrene
- ☐ 6 NON-COM
fire-protected wood
- ☐ 7 KOPPERS
built-up roofing
- ☐ 8 AIRCOUSTAT
sound traps
- ☐ 9 UNIT STRUCTURES
Laminated Wood

4-0

Name _____

Address _____

City _____

Zone _____

State _____

It would also be helpful to have the following information, if applicable:

Name of Company _____

Job Title _____

BOARD OF DIRECTORS



WALTER P. ARNOLD
Executive Vice President
Koppers Company, Inc.



JOSEPH BECKER
Former Vice President
Koppers Company, Inc.



STANLEY N. BROWN
Former Vice President
Koppers Company, Inc.



FLETCHER L. BYROM
President
Koppers Company, Inc.



FRED C. FOY
Chairman of the Board
Koppers Company, Inc.



ARTHUR W. KNIGHT
Director
Courtaulds, Ltd. (London)



ROBERT H. MCCLINTIC
Chairman of the Board
Gordon Lubricating Company



RICHARD K. MELLON
Chairman of the Board
Mellon National Bank
& Trust Company



W. F. MUNNIKHUYSEN
Former Chairman of the Board
Koppers Company, Inc.



LAWRENCE N. MURRAY
Former President
Mellon National Bank
& Trust Company



ROBERT S. OELMAN
Chairman and President
National Cash Register Company



ARTHUR B. VANBUSKIRK
Vice President and Governor
T. Mellon & Sons



J. ALBERT WOODS
Chairman of the Board
Courtaulds North America Inc.

OFFICERS OF KOPPERS COMPANY, INC.

FRED C. FOY, *Chairman of the Board*
FLETCHER L. BYROM, *President*
WALTER P. ARNOLD, *Executive Vice President*
ROBERT R. HOLMES, *Executive Vice President*
GEORGE M. WALKER, *Executive Vice President*

company vice presidents

CHESTER E. BROWN, *Assistant General Manager*, Plastics Division
HARRY B. CUMMINGS, *General Manager*, Metal Products Division
FRED DENIC, *International Division*
H. A. DENNY, *General Manager*, Engineering and Construction Division
DAVID L. EYNON, JR., *Corporate Growth Planning Group*
DOUGLAS GRYMES, JR., *General Manager*, Wood Preserving Division
T. C. KEELING, JR., *General Manager*, Chemicals and Dyestuffs Division
GEORGE W. NAYLOR, *General Manager*, International Division
JOHN H. REDMOND, *General Manager*, Tar Products Division
JOHN E. SPEARS, *Comptroller*

divisional and departmental vice presidents

W. A. ANDERSON Engineering and Construction Div.	J. D. JONES, <i>Manager</i> Industrial Relations Department	J. W. POOL, JR. Plastics Division
PAUL W. BACHMAN Corporate Growth Planning Group	NICHOLAS KAY Metal Products Division	CARL H. POTTENGER, <i>Director of Research</i>
JOHN M. CRIMMINS, <i>General Counsel</i> Law Department	DONALD MACARTHUR Washington Office	J. D. RICE, <i>Manager</i> Procurement Department
ROBERT T. EAKIN Engineering and Construction Div.	J. C. MACON, JR. Tar Products Division	FRED W. RYS Engineering and Construction Div.
J. A. HAGAN Engineering and Construction Div.	P. V. MARTIN Engineering and Construction Div.	J. L. TUNSTEAD, <i>Manager</i> Marketing Department
J. F. HALEY, <i>Manager</i> Traffic and Transportation Dept.	PAUL C. MCCONNAUGHEY Tar Products Division	FRANK B. VARGA International Division
MAX C. HANISCH Wood Preserving Division	E. J. McGEHEE Wood Preserving Division	JAMES M. VEEDER, <i>Manager</i> Finance Department
J. A. HARTZELL Engineering and Construction Div.	J. M. ORRIS Engineering and Construction Div.	R. G. WILSON Engineering and Construction Div.

other officers

JOHN M. CRIMMINS, *Secretary*
WILLIAM P. RAINES, *Manager* Public and Community Relations Dept.
E. B. SHUCK, *Treasurer*

FINANCIAL STATEMENTS KOPPERS COMPANY, INC.

report of certified public accountants

The Board of Directors and Stockholders
Koppers Company, Inc.

We have examined the accompanying consolidated balance sheet of Koppers Company, Inc. and consolidated subsidiaries at December 31, 1962 and the related consolidated statement of income and earnings retained in the business for the year then ended. 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.

In our opinion, the statements mentioned above present fairly the consolidated financial position of Koppers Company, Inc. and consolidated subsidiaries at December 31, 1962 and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR YOUNG & COMPANY

Pittsburgh, Pennsylvania
January 22, 1963

transfer agents

Mellon National Bank and Trust Company, Mellon Square, Pittsburgh 30, Pa.
Bankers Trust Company, 16 Wall Street, New York 15, N. Y.
Harris Trust and Savings Bank, 111 W. Monroe Street, Chicago 90, Ill.

stock registrars

Pittsburgh National Bank, P. O. Box 746, Pittsburgh 30, Pa.
Morgan Guaranty Trust Company of New York, 140 Broadway, New York 15, N. Y.
Continental Illinois National Bank and Trust Company of Chicago, 231 South LaSalle Street, Chicago 90, Ill.

dividend disbursing agent

Mellon National Bank and Trust Company,
Mellon Square, Pittsburgh 30, Pa.

AND CONSOLIDATED SUBSIDIARIES

consolidated statement of income and earnings retained in the business

Years ended December 31, 1962 and 1961
(See accompanying notes)

	1962	1961
Net sales	\$301,148,153	\$273,442,712
Operating expenses (Note 2) :		
Cost of sales	236,829,391	207,258,662
Depreciation and depletion	12,213,303	12,355,236
Taxes, other than income taxes	5,559,479	5,434,498
Selling, research, general and administrative expenses	36,031,596	35,144,461
	<u>290,633,769</u>	<u>260,192,857</u>
Operating profit	10,514,384	13,249,855
Other income:		
Dividends (Note 1), interest and miscellaneous	1,335,506	556,800
Profit on sales of capital assets:		
Operating plants	1,380,521	—
Other, principally timber properties	1,866,816	1,151,927
Adjustments (Note 5)	(35,200)	—
Property damage due to hurricane	—	(705,841)
	<u>4,547,643</u>	<u>1,002,886</u>
	15,062,027	14,252,741
Interest expense	1,238,987	1,300,275
Income before provision for income taxes	<u>13,823,040</u>	<u>12,952,466</u>
Provision for income taxes:		
Federal (Note 6)	5,409,888	5,490,000
State and foreign	587,726	741,327
	<u>5,997,614</u>	<u>6,231,327</u>
Net income for the year	7,825,426	6,721,139
Earnings retained in the business at beginning of period	69,271,030	67,744,622
	<u>77,096,456</u>	<u>74,465,761</u>
Cash dividends paid:		
On preferred stock, \$4.00 per share	600,000	600,000
On common stock, \$2.00 per share	4,543,409	4,594,731
	<u>5,143,409</u>	<u>5,194,731</u>
Earnings retained in the business at end of period (Note 4)	<u>\$ 71,953,047</u>	<u>\$ 69,271,030</u>

consolidated balance sheet

assets

December 31, 1962 and 1961

(See accompanying notes)

Current assets:

Cash	\$ 9,702,886	\$ 9,164,963
Accounts receivable less allowance of \$446,639 for doubtful accounts	52,136,878	49,372,565
Inventories (Note 3):		
Product inventories including work in process	39,164,617	39,603,410
Raw materials and supplies	8,878,912	11,031,215
Prepaid insurance, etc.	1,454,827	1,945,392
Total current assets	111,338,120	111,117,545

Investments and other assets:

Investments in and advances to non-consolidated subsidiaries and 50% owned companies, at cost (Note 1)	13,155,299	13,148,739
Other investments, at cost less allowance of \$725,000 for decline in value	2,446,744	2,996,600
Notes and accounts receivable due after one year	6,757,848	5,984,955
	22,359,891	22,130,294

Fixed assets, at cost:

Buildings and equipment	214,716,340	209,870,873
Less accumulated depreciation	135,526,306	127,495,332
	79,190,034	82,375,541
Standing timber and timberlands, less accumulated depletion	2,299,608	3,338,964
Land	6,433,459	6,690,071
Intangible assets, less amortization	423,097	671,861
	88,346,198	93,076,447

Deferred charges	319,688	508,101
------------------------	---------	---------

\$222,363,897 \$226,832,388

consolidated balance sheet

liabilities

December 31, 1962 and 1961

(See accompanying notes)

1962

1961

Current liabilities:

Federal income tax	\$ 1,924,266	\$ 4,449,915
Other accrued taxes	2,500,518	2,491,787
Accounts payable and accruals other than taxes	23,737,161	23,524,469
Advance payments received on contracts	4,126,497	6,117,750
Term debt due within one year	717,606	759,106
Total current liabilities	33,006,048	37,343,027

Term debt due after one year:

First Mortgage Bonds, 3% Series, due October 1, 1964— semi-annual sinking fund requirements of \$182,500 on September 27, 1963 and \$488,750 on March 29, 1964	11,902,500	12,880,000
Notes payable to banks due October 1, 1964 (Note 4)	17,000,000	17,000,000
Purchase contract liability, \$351,773 due annually, interest at 3%	762,020	1,150,647
	29,664,520	31,030,647

Deferred compensation	740,289	657,910
Deferred income taxes, principally on foreign earnings (Note 1)	1,906,104	1,525,890
Total liabilities	65,316,961	70,557,474

stockholders' equity

Cumulative Preferred Stock, \$100 par value: Authorized 300,000 shares; issued 150,000 shares. 4% Series	15,000,000	15,000,000
Common Stock, \$10 par value (Note 7):		
Authorized 3,000,000 shares; issued 2,317,594 shares	23,175,940	23,175,940
Capital in excess of par value	49,737,842	49,771,399
Earnings retained in the business (Note 4)	171,953,047	69,271,030
	144,866,829	142,218,369
Less Common Stock held in treasury, at cost (69,762 shares at December 31, 1962)	2,819,893	943,459
Common stockholders' equity	142,046,936	141,274,910
Total preferred and common stockholders' equity	157,046,936	156,274,910
	\$222,363,897	\$226,832,384

notes to consolidated financial statements

NOTE 1. *Principles of consolidation and investments in affiliates*

The consolidated statements include the accounts of the Company and all of its wholly-owned subsidiaries. Provision has been made for estimated income taxes payable upon eventual transfer of earnings of consolidated foreign subsidiaries to the parent company.

Based upon the latest available financial statements, in some instances as yet unaudited, the Companies' equity in the net assets of non-consolidated subsidiaries and fifty-percent owned companies at December 31, 1962, exceeds the carrying value of the Companies' investment therein by \$95,000. The Companies' equity in the net income of these companies for 1962 after significant deductions for foreign exchange losses amounted to \$65,000. During the year dividends of \$602,054 were received and taken into consolidated income.

NOTE 2. *Pension plans*

The Companies' contributions under their several trustee pension plans amounted to \$3,000,000 in 1962. The unfunded past service cost at December 31, 1962 was estimated at \$13,100,000.

NOTE 3. *Inventories*

Inventories aggregating \$4,538,186 are stated at cost on a last-in, first-out basis which is less than current replacement cost. All other inventories are stated at the lower of average cost or market.

NOTE 4. *Notes payable to banks*

In its Bank Credit Agreement the Company has agreed not to pay cash dividends on common stock except from consolidated income after December 31, 1958, plus \$7,500,000 and to maintain consolidated net current assets of at least \$50,000,000. At December 31, 1962 \$57,982,017 of consolidated earnings retained in the business was not available for cash dividends on common stock under these provisions. Interest on the notes is $\frac{1}{4}$ of 1% above the "prime rate" in effect at the beginning of each fiscal quarter and at December 31, 1962 was 4 $\frac{3}{4}$ %.

NOTE 5. *Adjustments*

At January 1, 1962 the Federal tax basis of the Company's depreciable assets exceeded their book basis by \$4,115,000. This was principally due to taking more depreciation for book purposes than for tax purposes in prior years. During 1962 the Company realized the income tax benefit (\$2,139,800) of this excess by adopting "guideline depreciation" for Federal tax purposes. Also during 1962, the Company made a special provision of \$1,450,000 for obsolescence of buildings and equipment, and a provision of \$725,000 for decline in value of investments. These three items are shown in the accompanying income statement as a net charge to income of \$35,200.

NOTE 6. *Investment credit*

The Company's investment credit under the 1962 Internal Revenue Act amounted to \$514,000. Of the credit, 48%, which was immaterial in relation to net income, was reflected in income as a reduction of Federal income tax expense and the balance was credited to deferred income taxes.

NOTE 7. *Stock option plan*

During 1962, under the Company's restricted stock option plan for officers and key employees, options to purchase 2,000 shares were granted at a price of \$34 per share, options on 2,500 shares were terminated and 3,080 shares were issued from treasury stock on exercise of options at prices ranging from \$32.50 to \$36.50 per share. At December 31, 1962, options covering 128,400 shares were outstanding and are exercisable over a period of seven years from dates of grants at prices ranging from \$32.50 to \$63.50. At December 31, 1962, options on 18,520 shares were available for future grants under the plan. The \$33,557 excess of cost of treasury stock over the proceeds received upon exercise of options during the year was charged to capital in excess of par value.

NOTE 8. *Commitments and contingencies*

The 1963 rentals on properties operated by the Companies under long-term leases will amount to approximately \$1,850,000. In addition, the Companies are required to pay taxes, insurance, repairs and maintenance and alterations under certain of the leases.

five year financial highlights

(All figures in thousands, except per-share information and number of stockholders.)

	<u>1962</u>	<u>1961</u>	<u>1960</u>	<u>1959*</u>	<u>1958*</u>
Revenue from sales and other income . . .	\$305,696	\$274,446	\$303,728	\$242,930	\$261,621
Income before income taxes	\$13,825	\$12,952	\$14,754	\$11,958	\$12,491
Income taxes	\$5,998	\$6,231	\$7,280	\$6,126	\$5,634
Net income	\$7,827	\$6,721	\$7,474	\$5,832	\$6,857
Earnings per share of common stock outstanding at year end	\$3.21	\$2.67	\$3.06	\$2.28	\$2.73
Dividends declared and paid, per share of common stock	\$2.00	\$2.00	\$1.90	\$1.60	\$2.05
Total of all taxes	\$11,557	\$11,666	\$12,857	\$10,514	\$9,871
Taxes per share of common stock	\$5.14	\$5.08	\$5.72	\$4.58	\$4.30
Number of shares of common stock outstanding at year end	2,248	2,296	2,247	2,294	2,293
Number of stockholders at year end . . .	16,267	16,394	16,943	16,901	16,571
Earnings retained in the business	\$2,682	\$1,526	\$2,529	\$1,562	\$1,556
Gross addition to fixed assets and investments	\$13,125	\$21,268	\$19,498	\$11,504	\$9,165
Net book value of land, buildings, equipment and timberlands	\$87,923	\$92,405	\$93,654	\$89,157	\$91,287
Term debt due after one year	\$29,665	\$31,031	\$23,497	\$20,924	\$27,430
Wages, salaries and pension expense . .	\$82,626	\$83,301	\$85,796	\$70,949	\$78,778
Materials, supplies and services	\$190,234	\$159,102	\$184,509	\$142,479	\$153,583
Working capital at year end	\$78,332	\$73,775	\$73,200	\$78,159	\$80,275
Book value per share of common stock at year end	\$63.19	\$61.52	\$61.38	\$59.79	\$59.12

◀ fold out for financial statements

*1959 and 1958 figures restated to include accounts of two wholly-owned foreign subsidiaries.

KOPPERS COMPANY, INC. ANNUAL REPORT 1962