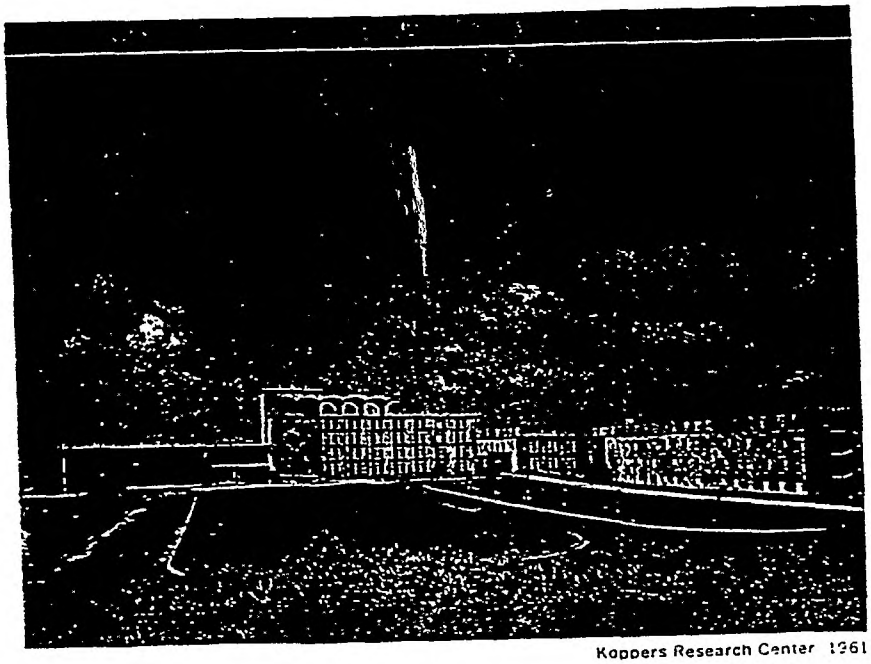
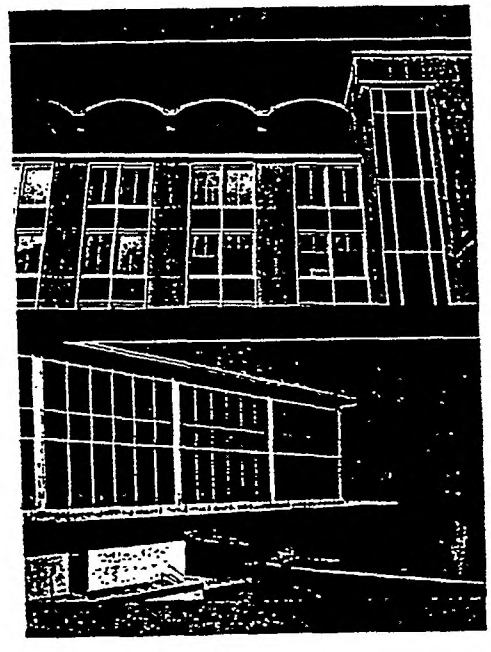
KOPPERS

KOPPERS COMPANY INC.

ANNUAL REPORT 1961



Koppers Research Center 1961



five year financial highlights

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

	1961	1960	1959*	1958*	1957*
Revenue from sales and other income	$274,446	$303,728	$242,930	$261,621	$327,816
Income before income taxes	$12,952	$14,754	$11,958	$12,491	$20,287
Income taxes	$6,231	$7,280	$6,126	$5,634	$10,633
Net income	$6,721	$7,474	$5,832	$6,857	$9,654**
Earnings per share of common stock outstanding at each year end	$2.67	$3.06	$2.28	$2.73	$3.95**
Dividends declared and paid, per share of common stock	$2.00	$1.90	$1.60	$2.05	$2.50
Total of all taxes	$11,666	$12,857	$10,514	$9,871	$15,630
Taxes per share of common stock	$5.08	$5.72	$4.58	$4.30	$6.82
Number of shares of common stock outstanding at end of year	2,296	2,247	2,294	2,293	2,293
Number of stockholders at year end	16,394	16,943	16,901	16,571	16,499
Earnings retained in the business	$1,526	$2,529	$1,562	$1,556	$3,321**
Gross addition to fixed assets and investments	$21,268	$19,498	$11,504	$9,165	$22,719
Net book value of land, buildings, equipment and timberlands	$92,405	$93,654	$89,157	$91,287	$93,986
Term debt due after one year	$31,031	$23,497	$20,924	$27,430	$33,980
Wages, salaries and pension expense	$83,301	$85,796	$70,949	$78,778	$92,801
Materials, supplies and services	$159,102	$184,509	$142,479	$153,583	$197,659
Working capital at the year end	$73,775	$73,200	$78,159	$80,275	$82,584
Book value per share of common stock at year end	$61.52	$61.38	$59.79	$59.12	$58.76

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

**Exclusive of the net gain of $2,460 thousand from special items, equal to $1.07 per share of common stock.

ANNUAL REPORT

KOPPERS COMPANY, INC.

1961

Contents

Annual Meeting

The next Annual Meeting of the Stockholders of the Company will be held on March 26, 1962. 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, 1962.

Two products of Koppers Plastics Division are represented in this Report:

One of the Division's DYLEX STYRENE-BUTADIENE LATICES was used by West Virginia Pulp and Paper in the coating on the inside pages.

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

January 29, 1962

To our stockholders

FRED C. FOY, *Chairman*

F. L. BYROM, *President*

1961 In Review: Koppers sales were $273.4 million in 1961, compared to $302.5 million in 1960.

The difference between 1961 and 1960 sales volume was due almost entirely to the two divisions whose sales depend most heavily on the steel industry. Engineering and Construction Division sales, which fluctuate according to the amount of steel industry work available, were $49.9 million in 1961, against $72.1 million in 1960. Sales of the Gas and Coke Division were $13.9 million in 1961, compared to $20.1 million in 1960, with most of the decline due to the virtual absence of blast furnace coke sales in 1961. In the early part of 1960, deliveries of blast furnace coke were very substantial, reflecting the high level of steel production following the end of the 1959 steel strike.

In spite of the $29.1 million decline in sales, net income for the year reached $6,721,139, down only $752,695 from the $7,473,834 earned in 1960. Two-thirds of this decrease in net income was the direct result of property damage inflicted by Hurricane Carla on our Port Arthur, Texas, plant, and subsequent reduction in income due to lost production time at that plant. Except for the Hurricane, net profit for the year would have been only slightly less than in 1960.

After provision for payment of preferred dividends, net income in 1961 was equivalent to $2.67 per share of common stock outstanding at the year end, and compares with $3.06 per share earned in 1960.

The Company's backlog at the end of the year stood at $140 million, some $41 million higher than the backlog of $99 million on December 31, 1960.

COOPERATION WITH COURTAULDS, LTD.

In June, it was announced that Koppers and Courtaulds, Ltd., a leading English textile fibers and chemical company, had completed the first steps in plans for exploration of areas of mutual interest.

Both companies agreed to evaluate opportunities for joint collaboration in all areas of common interest, and to study those fields where technical, process or production know-how might be exchanged to mutual advantage by the two companies.

Courtaulds, which had been considering investing some of its available funds in the American chemicals and plastics industry, acquired during the year approximately 100,000 shares of Koppers common stock—mostly through purchases on the open market. This represents between four and five per cent of the total Koppers common shares outstanding.

To strengthen relationships between Courtaulds and Koppers, and to facilitate the exchange of information, two Courtaulds representatives were added in June to the Koppers Board of Directors, increasing the size of the Koppers Board to 13 members. The new Directors are J. Albert Woods, Chairman of the Board of Courtaulds North America Inc.; and Arthur W. Knight, a Director of Courtaulds, Ltd. of London.

NET SALES BY DIVISIONS*

(In Thousands of Dollars)

Divisions	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952
Tar Products	$ 62,862	$ 63,063	$ 56,611	$ 58,724	$ 60,694	$ 55,818	$ 49,700	$ 42,010	$ 46,857	$ 45,864
Plastics	51,617	52,652	50,537	43,248	43,376	—	—	—	—	—
Chemicals & Dyestuffs	17,787	15,617	16,562	14,466	13,914	—	—	—	—	—
Chemical	—	—	—	—	—	70,492	56,620	38,151	43,696	38,006
Wood Preserving	42,082	47,166	45,860	41,610	53,029	49,204	38,362	32,567	38,251	42,783
Metal Products	34,348	31,092	28,470	25,207	35,939	33,128	22,907	21,112	34,493	32,825
Gas & Coke	13,917	20,080	15,675	14,335	17,496	22,279	22,386	17,517	23,435	29,713
Total Manufacturing	$222,613	$229,670	$213,715	$197,590	$224,448	$230,921	$139,925	$151,357	$186,732	$189,191
Engineering & Construction	49,865	72,105	27,381	61,659	102,125	74,947	37,907	35,650	78,089	129,526
Other Sales	965	764	632	598	569	556	591	556	589	643
TOTAL	$273,443	$302,539	$241,728	$259,847	$327,142	$306,424	$228,473	$187,563	$265,410	$319,360

*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.

At the September meeting of the Board of Courtaulds North America Inc., Koppers Chairman, Fred C. Foy, was elected a member of that Board.

Thomas Coupling Acquisition Contested

As mentioned in our 1960 Annual Report, Koppers, on January 3, 1961, acquired substantially all of the capital stock of the Thomas Flexible Coupling Company. Subsequently, this acquisition was challenged by the Justice Department in a civil suit and was ruled to have been in violation of the Clayton Antitrust Act. On January 24, 1962, Koppers was ordered by the Federal District Court to divest itself of the Thomas firm. A detailed discussion of our position in this case will be found in the Metal Products Division section of this Report, on page 13. As this Report is printed, we are considering whether it is in the best interest of our stockholders for us to divest ourselves of Thomas or to appeal this case directly to the United States Supreme Court, as we have the right to do.

It is appropriate to note here, however, that even if we ultimately sold the Thomas operation, the net effect upon our annual sales and earnings would not be substantial. The annual sales volume of the Thomas firm is less than one per cent of Koppers 1961 sales volume.

Capital Investments: Expenditures for acquisitions, investments, new plant construction, and expansion and modernization of existing plant facilities, totaled $21.3 million in 1961. This figure compares with $19.5 million spent in the preceding year.

One acquisition made during the year, the Thomas Flexible Coupling Company, has been mentioned above. Brief descriptions of the other major 1961 capital investments are presented below, with more detailed information included in the divisional portions of this Report on pages 8 through 17.

Construction of a styrene monomer plant at Houston, Texas—owned and operated jointly by Koppers and Sinclair Oil Corporation—was completed during the year.

To broaden our participation in the road paving materials field, two firms which produce and sell asphalt emulsions (Highway Emulsions, Inc., and Emulsified Asphalt Refining Company) were acquired in 1961.

In November, we purchased a 50 per cent equity in General Industries, Inc., of Fort Wayne, Indiana. This firm, which operates under the name of General Homes, is the nation's fifth largest manufacturer of complete factory-built homes.

The new Koppers Research Center at Somervell Park (Monroeville, Pa.) was completed and occupied during the year. A description of the new Research Center can be found on pages 18—20.

Other important capital investments during 1961 included the start of construction near Buenos Aires, Argentina, of an ethylene, polyethylene and styrene monomer project owned jointly by Koppers and Argentine interests, initial portions of which will be completed during 1962 . . . completion of a cement plant at Huachipato, Chile, in which Koppers holds a minority interest . . . an increase in the Company's Dylite expandable polystyrene capacity at Kobuta, Pa. . . . and expansion of tar acid capacity at Follansbee, West Virginia.

Financial Matters: The Company's financial position remains strong. Working capital at the end of 1961 totaled $73.8 million. The Company's ratio of current assets to current liabilities is 3.0 to one. Inventories on December 31, 1961, totaled $50.6 million, up slightly from the $49.3 million inventory level at the end of 1960.

Cash requirements for investments, additions to fixed assets, and increased working capital, resulted in a $9 million increase in outstanding bank loans during 1961. On December 1, under the terms of our Bank Credit Agreement, $17 million of outstanding Revolving Credit Notes were exchanged for an equal amount of Term Notes due October 1, 1964, which is the maturity date for the Company's mortgage bonds. Our term debt at the end of the year totaled $31.0 million; the ratio of term debt to total capitalization was 16.6 per cent.

For the year 1962, lines of credit in the total amount of $15 million were arranged with the same group of banks.

Distribution of Sales of the Six Manufacturing Divisions to Consuming Industries

	Percent	
	1961	1960
Chemicals, Plastics, Rubber, & Dye	40.5%	38.5%
Industrial Machinery	11.7	10.3
Construction Materials	11.2	14.8
Utilities	6.4	6.0
Railroads	5.5	7.2
Highways	5.3	4.8
Iron and Steel	3.1	5.3
Aluminum	2.6	2.9
Consumer Products	1.5	1.7
Defense	1.3	1.5
Miscellaneous	10.9	7.3
TOTAL	100.0%	100.0%

During the year a total of $600.000. amounting to $4.00 per share, was paid in dividends to preferred stockholders. Holders of the common stock received a total of $4.6 million, or $2.00 per share.

People: We continued, for the most part, to maintain excellent working relations with our 11,512 employees in 1961. During the year, only four work stoppages, of relatively brief duration, occurred in the 84 Koppers plants.

EXECUTIVE CHANGES

Edmund S. Ruffin, Jr., Secretary of the Company since 1938, retired on March 31 after 31 years of able service to the Company. At the time of his retirement, Mr. Ruffin also held the positions of Vice President, Chief Counsel, and Manager of the Law Department.

Named to succeed Mr. Ruffin was John M. Crimmins, formerly

Assistant Chief Counsel and Assistant Manager of the Law Department. Mr. Crimmins was appointed Secretary, Vice President. General Counsel, and Manager of the Law Department. He has been with the Company since 1942.

In December, Robert R. Holmes was appointed to the newly-created post of Comptroller. He will continue as an Executive Vice President of the Company. Mr. Holmes joined the Accounting Department in 1923 and, after serving in positions of increasing responsibility, was named General Manager of the Tar Products Division in 1955. He held that position until his election as Executive Vice President in 1958.

During the year broader responsibilities were assigned to the

Industrial Relations Department and J. D. Jones, Manager of that Department, was appointed a Vice President. Mr. Jones joined Koppers in 1956 as Industrial Relations Manager of the Tar Products Division and assumed his present post in 1960.

J. C. Macon, Jr., Sales Manager of the Tar Products Division, was appointed a Vice President of that Division. Mr. Macon, who joined Koppers in 1935, had been an Assistant Vice President since 1954.

J. A. Hagan, a prominent steel industry executive and formerly

assistant to the Administrative Vice President of the United States Steel Corporation, joined Koppers early in the year as a Vice President in the Engineering and Construction Division. Mr. Hagan is headquartered in Ankara, Turkey, where he serves as a member of the Board of Directors of Eregli Iron and Steel Works, and supervises Koppers work in connection with the construction of a new steel plant for the Eregli firm.

Robert T. Eakin was also named a Vice President in the Engi-

neering and Construction Division. He is now located in Caracas, Venezuela, where he directs Koppers activities relating to a long-term management advisory contract between Koppers de Venezuela, C.A. and the Corporacion Venezolana de Guayana. Prior to joining Koppers in June, 1961, Mr. Eakin was Vice President of Operations and a member of the Board of Directors of Latrobe Steel Company.

At its January, 1962, meeting the Board of Directors confirmed the appointment of Donald MacArthur as Vice President. Mr. MacArthur has been Manager of our Washington, D. C. Office since 1953. He joined the Company in 1934.

Koppers Chairman, President Interviewed by Noted Economist: In last year's Annual Report, we utilized an interview technique to present to stockholders information about the Company's operations. Comments from stockholders on this method of reporting were predominantly favorable, and we have employed the interview format again this year.

Your Chairman, and President, were interviewed on the Company's current operations and outlook for the future, by Mr. Murray Shields, noted economist and partner in the economic research firm, MacKay-Shields Economics, Inc. This interview is presented on the following three pages.

Interviews with General Managers of the respective divisions follow this section of the Report, and appear on pages 9 through 17. We hope you will find these interviews interesting.

For the Board of Directors,

Fred C. Foy,
Chairman of the Board

F. L. Byrom,
President

Koppers chairman, president interviewed by noted economist

MURRAY SHIELDS: *Gentlemen, in looking over Koppers 1961 figures, I noticed that your net profit was just $753 thousand under 1960, or only 2.6 per cent of the nearly $30 million drop in your sales volume. This is interesting, in that a sales decline of that magnitude would ordinarily carry with it a more substantial earnings loss than you experienced.*

FRED C. FOY: We were gratified that our earnings held up well despite the drop in sales.

Our profit-to-sales ratio was virtually the same as in 1960. This, we feel, is especially noteworthy in that our 1961 net profit figure was penalized about $500 thousand by the effects of Hurricane Carla. Without Hurricane Carla, our 1961 earnings would have been very nearly equal to 1960, and our profit-to-sales ratio would actually have improved.

SHIELDS: *Many U. S. companies made determined efforts in 1961 to cut costs, and thus increase their present and potential profit situation. Mr. Foy, what has Koppers done in this respect?*

FOY: For the past several years we've been working steadily to

take out of our costs any expenses that were not absolutely necessary to the successful conduct of our business. This cost reduction program was further accelerated in 1961.

One example of cost consciousness has been the closing of marginal operations. In 1961, after a thorough review of market conditions and operating costs, we decided to shut down one tar processing and three wood treating plants which were no longer profitable to continue in operation. I might point out that no appreciable sales volume will be lost as a result of these plant closings, since most of the work done in these plants has been transferred to other locations, where it can be performed more profitably.

SHIELDS: *My next question concerns your prospects for the year ahead. Mr. Byrom, would you care to comment on Koppers outlook for 1962?*

F. L. BYROM: As you know, most economists are saying that

1962 will generally be a very good year for U. S. business. We agree with this prediction and, barring any unexpected downturn in the overall economy, we expect improvement in our 1962 results over those experienced in 1961.

SHIELDS: *Are you looking for improved sales from your manufacturing units, or from the construction end of your business, or both?*

BYROM: We expect higher sales both from our Manufacturing Divisions, on an overall basis, and from the Engineering and Construction Division. A substantial part of the latter's sales improvement in 1962 will consist of the translation into sales of a portion of the Division's very significant foreign construction backlog.

SHIELDS: *There has been some talk of a possible steel strike in 1962. How would such a strike affect Koppers?*

FOY: We will have a great deal of construction work going on outside of the U. S. in 1962; and our Engineering and Construction Division will not be as dependent on domestic construction as might otherwise be the case. In any event, delays in construction work caused by a strike represent only postponement, rather than the permanent loss of sales volume.

The Tar Products Division does, of course, depend on the steel industry for its raw materials supply. Our experience has been, however, that only distressingly long work stoppages—of 60 days or more — affect the operations of that Division to any great extent.

SHIELDS: *Turning for a moment to your own labor relations, do you foresee any labor situations which might affect Koppers performance in 1962?*

BYROM: Our personnel relations are generally very good, but at one or two plants our competitive position has been seriously threatened by restrictive work practices. It is our intention to direct our efforts to the revision of our labor agreements at these locations in order to protect that competitive position and, consequently, the security of all of our employees.

SHIELDS: *I wouldn't imagine, in a business as diversified as yours, that you would negotiate labor contracts on a Company-wide basis with a single large union, as is done in the steel and automobile industries.*

BYROM: With 84 plants of different sizes, in different industries, located in different parts of the country, and meeting different kinds of competition, we feel that the only practical approach for us is to negotiate labor contracts with the various unions on a plant-by-plant basis. Responsibility for day-to-day labor relations at Koppers is delegated to the plant level, and we have been able to work out agreements on the local level that make sense to the local employees, as well as to the local management.

FOY: I'd like to add another thought to that, Fletch. We take the position that the basic responsibility of running the business is placed in management's hands by the stockholders and, as a practical matter, must remain with management.

For this reason our local management people, when engaged in labor negotiations, cannot agree to those requests which would lessen our ability to operate efficiently and competitively.

SHIELDS: *I'm glad to hear you say that. And I'm sure that Koppers employees, like those of more and more U. S. companies, realize that only productive work practices and realistic wage demands protect their job security, by making their companies able to compete successfully with other domestic and foreign producers.*

Now, I'd like to turn to the subject of research for a minute. Koppers opened its large new Research Center in 1961, and I know you'll be telling stockholders more about the Center later in this Report. But, I'd like to ask—"What percentage of Koppers annual sales is invested in research and development?"

BYROM: For the past several years, it has worked out to about 2.5 per cent—in the range of $7 to $8 million annually.

SHIELDS: *Relative to U. S. industry as a whole, is that percentage high or low?*

BYROM: The percentage is higher than the average of research expenditures for industry as a whole. Koppers research investment is about what you might expect from a company that has approximately half its sales in chemicals and plastics, and the other half accounted for by products and services requiring a somewhat lower level of research service.

SHIELDS: *What portion of your present sales is derived from items you weren't making ten years ago?*

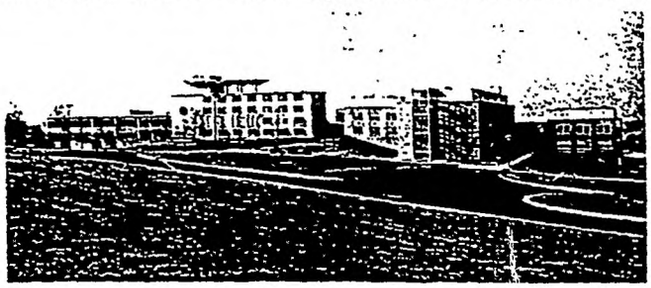
BYROM: Very close to 30 per cent.

SHIELDS: *That's quite high. Would you expect this same experience to be true at the end of the next ten years?*

BYROM: We think that this percentage will increase, since a great deal of our research emphasis has been channeled into projects which we knew would require several years to produce results.

SHIELDS: *I noticed in your letter to stockholders that Koppers capital expenditures totaled about $21 million in 1961. How does that figure compare with your 1962 capital spending plans?*

BYROM: Our 1962 capital spending should compare pretty closely with 1961. However, the total may be a little less than the $21 million you refer to—since nearly $2 million of that amount was



spent in 1961 to complete our new Research Center at Monroeville, near Pittsburgh, Pa.

Principal projects in 1962 will be the completion of a new ethylene and polyethylene plant in Argentina, and expansion and modification of our plastics and chemical plants at Port Arthur, Texas; Port Reading, New Jersey; Kobuta, Pennsylvania; and Follansbee, West Virginia.

SHIELDS: *Acquisition of other companies has been a part of your capital investment program in recent years. Do you expect to continue to acquire other firms?*

FOY: We almost always have under consideration the acquisition of companies or products that fit well into our existing organization.

SHIELDS: *Do you have certain criteria that you study before deciding you are interested in acquiring another firm?*

FOY: Yes, we generally look at several things. First, we feel that proposed acquisitions should bear some relationship to our existing business and fit logically into our pattern of operation.

We are also interested in whether we can acquire experienced and capable management with the purchased company.

Also, we would not ordinarily consider an acquisition that would not improve our rate of return on investment, over and above the return that we are able to make on a Company-wide basis at the present time.

As a final point, we look at the prospects for at least a reasonable degree of future growth in the particular field served by the proposed acquisition.

SHIELDS: *To look back for a moment, it would seem that some of Koppers interests, as they were positioned ten years ago, were in declining areas. Today, Koppers seems to me to be a Company in transition, in which the major management objective has been to lay the basis for long-range growth, through new product development and through acquisition.*

FOY: I think that's a fair statement. Although it might appear that we are still in the same businesses that we were ten years ago, we have eliminated some product lines with little growth potential and replaced them with newer products serving certain markets that are, in our judgment, destined to grow.

An example of this is the Wood Preserving Division. Total 1961 sales of this Division were $42.1 million, only slightly higher than the 1951 sales volume of $41.8 million. But sales to the railroad industry, which made up about half of this Division's 1951 volume, accounted for less than 30 per cent of its 1961 sales. Over 70 per cent, or $30 million of this Division's sales in 1961, went to commercial markets which we feel have considerable growth potential.

BYROM: Perhaps it should be pointed out, too, that we are now at the stage where we feel that we have pretty well eliminated those products with declining growth curves, and our new products are now going to constitute genuine growth, rather than simply replacement of older lines.

Our expectation of future growth is based, too, on the prospect of increasing contributions from our International Division in the areas of product sales, overseas investment, and construction work. We don't make public our international sales figures, but I can say that sales have quadrupled in the past five years, and that Division's operations, aided by increasing construction volume, should continue to expand for at least the next two or three years.

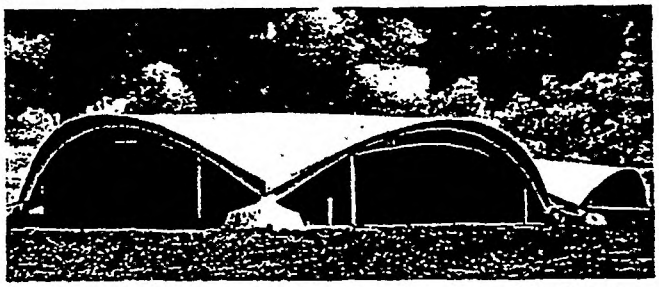
SHIELDS: *Gentlemen, this has been a very interesting interview for me. It looks as though Koppers is very carefully building on a sound basis for what will be, I suspect, a growing and profitable future.*

Chemicals and dyestuffs division

Division Sales Set New Record: The Chemicals and Dyestuffs Division in 1961 enjoyed its best year since formation of the Division in 1958. Sales of the Division's major product lines exceeded previous high levels.

Koppers Dyes for Polyester Fibers Attracting Wide Interest: AMACRON dyes, a complete package of 14 colors developed by Koppers for polyester fibers, are attracting considerable interest in the textile trade. Advantages of these AMACRON dyes are outstanding brightness combined with a high degree of fastness to light, washing, drycleaning, and perspiration.

New Resorcinol Adhesives Introduced in 1961: During the year the Division introduced several improved new resorcinol adhesives—which are high performance, waterproof adhesives used principally in wood laminations. One new Koppers adhesive is especially fast curing; while another has been tailored for a specific laminating customer whose plant employs a longer assembly time, and who therefore requires a slower-setting adhesive.



Penacolite adhesive was used to laminate arches furnished by Unit Structures, Inc. for this new gymnasium and auditorium.

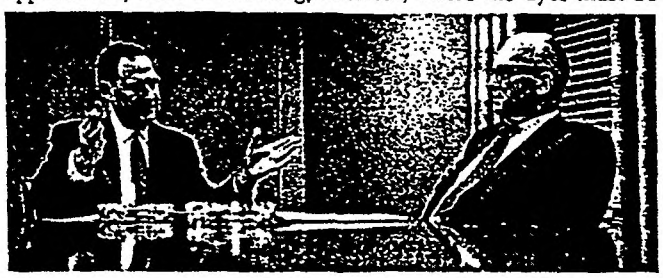
MURRAY SHIELDS: *I am sure your Division is pleased with your record high sales performance in 1961. Do you look for a continuation of this upward trend in 1962?*

T. C. KEELING, JR.: Yes, we do. At present, our best estimate is that 1962 results will show a modest gain over those experienced in the past year.

SHIELDS: *In last year's Annual Report, you discussed the new line of dyes for anodized aluminum. How is this program coming along?*

KEELING: This particular line is still in what we consider an advanced stage of development.

Anodized aluminum panels are used principally in architectural applications, such as building exteriors, where the dyes must be permanent. We are now working with the aluminum industry in an exhaustive testing program, to insure there will be no question about the performance of these dyes when they are offered commercially.



Engineering and construction division

Two Major Coke Oven Contracts Awarded to Koppers: Koppers received two major coke oven contracts during 1961. One of these contracts calls for the rebuilding of a 61-oven battery at the Rouge plant of the Ford Motor Company. The other involves major repairs to two 73-oven batteries at Inland Steel Company's Indiana Harbor Works.

Six coke oven batteries, including a total of 363 ovens, were completed by the Division during 1961, or are now nearing completion.

Koppers Completes Installation of Largest Oxygen Steel Furnaces: During the year Koppers completed, at the Cleveland

Works of Jones & Laughlin Steel Corporation, a basic oxygen furnace plant—including the two largest oxygen steel-making furnaces now operating anywhere in the world. These Koppers-installed furnaces are operating very successfully and, according to J&L Steel, each of the furnaces has already produced as much as 240 tons of steel in as little as 59 minutes. This plant represents the completion of Koppers initial participation in the engineering and construction of basic oxygen furnace plants.

In September Koppers received another contract involving the oxygen steel-making process. The Italian steel firm COSIDER S.p.A. authorized Koppers to proceed with the engineering and general supervision of erection of a basic oxygen furnace plant at Taranto, Italy.

Koppers to Build New Blast Furnace for J&L at Cleveland: A contract was received from Jones & Laughlin Steel Corporation for the construction of a large new blast furnace at their Cleveland Works. When completed in 1963, this furnace will be the largest in the Cleveland area.

Management Advisory Contract Signed with Venezuelan Steel Firm: During the year, Koppers entered into a long-term management advisory contract with Corporacion Venezolana de Guayana, a Venezuelan government agency headquartered in Caracas. Under the terms of this contract, Koppers will assist the Corporacion management in the operation of the Orinoco steel plant—a 750,000 metric-ton-per-year integrated facility now being built at Matanzas, Venezuela.

New Process Injects Coal into Blast Furnaces; First Contract Obtained: During the year, the Division introduced a promising new process to inject raw coal directly into a blast furnace. In December the Company's first contract involving this process was received from an important domestic steel producer. The contract calls for the adaptation of an existing blast furnace to permit the injection of coal.

MURRAY SHIELDS: *Mr. Denny, I think that many stockholders would be interested in a progress report on the steel plant that Koppers, together with Westinghouse and Blaw-Knox, is building at Eregli, Turkey. How is that particular project coming along?*

HENRY A. DENNY: We feel that work is progressing very satisfactorily on the Eregli job. Site preparation has been virtually completed, several storage and administration structures have been erected, and our people are now supervising the preparation of foundations for the various units of the plant. In 1962, we will begin the shipment of heavy pieces of equipment from this country to Turkey.

This model will give you a rough idea of the future appearance of the completed plant.

SHIELDS: *Your Division for several years has been expending considerable effort to commercialize the Strategic-Udy Process which, as I understand it, is a simplified method for making pig iron, semi-steel, and ferroalloys. What are your current prospects for this Process?*

DENNY: We are very optimistic regarding the future of the Strategic-Udy Process. In July, we received a contract from the Acoje Mining Company of Manila for the preparation of specifications and basic engineering design for a ferrochrome plant to be built on the Island of Mindanao, in the Philippines. This plant will employ the Strategic-Udy Process in the reduction of Philippine chrome ores to ferrochrome, which is used as an additive in stainless and alloy steels.

In addition we hope to receive, within the next several months, authorization from the Venezuelan Government to proceed with the conversion of one of the electric furnaces at the Orinoco steel plant to the Strategic-Udy Process.

Successful conversion of this furnace will enable us to demonstrate the ability of the Process to produce pig iron economically on a major commercial scale. The Venezuelan project together with the successful results now being achieved at Strategic Materials Corporation's commercial plant at Niagara Falls will, we feel, greatly accelerate the acceptance of the Strategic-Udy Process by prospective customers and financing agencies.

SHIELDS: *Mr. Denny, I am impressed by the number of different areas of work your Division has been getting into. These relatively new interests seem to represent quite a program of diversification.*

DENNY: Yes, they do. Within the past thirteen years we have gotten into the design and construction of blast furnaces, sintering plants, steel-making facilities, gas-cleaning installations, and direct reduction plants—all types of work we did not do prior to 1949.

This diversification has enabled us to reduce our dependence on coke oven work and has enabled us to compete for contracts, such as the Turkish steel plant, which call for the design

and construction of a completely integrated steel plant.

SHIELDS: *I notice that your divisional highlights refer to a new coal injection process. Can you tell me a little more about how this process works, and why it is significant?*

DENNY: In this process a patented "coal pump", developed by Bituminous Coal Research, Inc., is used to inject fine coal particles directly into the stream of hot air that enters the blast furnace. This injected coal can replace some 20 to 30 per cent of the furnace's normal coke requirements.

As you might imagine, this process will prove especially attractive to steel plants located near sources of inexpensive coal, or having insufficient coking capacity.

Most major steel companies have already expressed an interest in this process, and we are hopeful that our initial contract, just received in December, will lead to a substantial amount of future work in this area.

Gas and coke division

Division Revises Operations to Meet Changing Market Demands: Faced with erratic demand for two of its product lines, the Division in 1961 made several significant adjustments in its method of operation—including the rescheduling of coke oven operations at Kearny, New Jersey, and the renegotiation of an existing contract to supply a local utility with coke oven gas. The overall effect of these adjustments has been to transform the Division into primarily a foundry coke producer, and enable it to make a continuing contribution to the Company.

"Coke Push" at Kearny, New Jersey

Foundry Coke Sales Higher: Sales of coke for foundry use in 1961 were higher than in 1960, despite a 13 per cent decline in the national consumption of foundry coke during the year due to the generally lower level of the economy.

Mono-Ammonium-Phosphate Production Resumed: Production of mono-ammonium-phosphate, an important fertilizer which had not been produced by the Division since mid-1960, was again initiated early in 1961 to meet the requirements of a major customer. Existing facilities previously used to make ammonium sulphate were reconverted to mono-ammonium-phosphate production.

MURRAY SHIELDS: *Your Highlights referred to changing market demands for some of your products. Perhaps your stockholders would be interested in knowing just which products these are.*

JOHN E. SPEARS: The coke we sell for domestic heating purposes, and metallurgical-grade coke sold for use in blast furnaces, both represent difficult marketing situations.

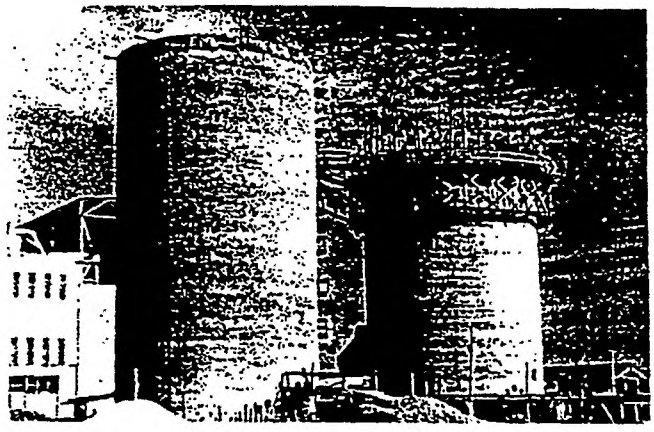
Our problem with the coke sold domestically is fairly simple: home owners are depending less and less on solid fuels for home heating purposes.

The blast furnace coke situation is more complex. This market is very cyclical and varies directly with the steel industry operating activity. In years of relatively low steel production, such as 1961, our sales of blast furnace coke have been at very low levels. Then too, various modifications in modern blast furnace practice—such as the use of agglomerated iron ores, and the injection of various fuel additives into the furnace—have steadily decreased the amount of coke necessary to produce a ton of pig iron.

SHIELDS: *Evidently you feel that the foundry coke market represents considerably more promise for your Division.*

SPEARS: Yes, we do. The markets for foundry coke, which is now our principal product, are relatively stable; and the outlook for our future participation in these markets is encouraging.

Revising our operations to stress the production of this type of coke will enable us to concentrate on the production of quality foundry cokes. And we are continuing to emphasize the development of even better grades of coke for foundry use.



International division

South American Affiliates Increase Plastics Production in Argentina, Brazil: During 1961, operations were stepped up at several South American firms which Koppers owns in partnership with local interests.

In Argentina, erection of a plant near Buenos Aires to produce ethylene, polyethylene, and styrene monomer is proceeding on schedule, and the first units of this plant will be completed late in 1962. The plant will be operated by Industrias Petroquimicas Argentinas Koppers S. A. (IPAKO), a firm jointly owned by Koppers and Argentine business interests. In addition to this new plant, an expansion of the existing polystyrene facilities at IPAKO has just been completed.

Expansion programs now under way in Brazil will increase the capacities of two Koppers affiliates, located near Sao Paulo, to produce styrene monomer and polystyrene.

New Construction Company Formed in Brazil: During the year Koppers helped to form a new Brazilian industrial engineering and construction company—Setal-Koppers Engenharia e Montagens Industriais S. A. The new Company was established in partnership with several individuals formerly associated with an existing Brazilian firm, Sociedade de Engenharia e Terraplenagem Alberto, Ltda. Koppers will make available to Setal-Koppers certain specialized know-how and equipment. Since formation of Setal-Koppers, in February of 1961, a number of important construction contracts have been obtained, and future prospects for this joint venture are very encouraging.

Koppers Chilean Cement Affiliate Now in Production: Cement production was initiated in September by Cementos Bio-Bio S. A., a Chilean firm in which Koppers has a minority interest. The Bio-Bio plant is located at Huachipato, Chile, and has an annual capacity of about 150,000 metric tons of cement for use in the expanding Chilean market. The cement is being made from blast-furnace slag obtained from the nearby steel plant of Cia. de Acero del Pacifico, S. A., with which Koppers has long been associated.

International Product Sales Maintained at 1960 Rate; Price Competition Severe: Despite lower prices and severe competition, especially in chemicals and plastics, Koppers was able to maintain its position in world markets during the year. The dollar volume of Koppers products sold overseas in 1961 was about the same as in the previous year.

MURRAY SHIELDS: *Mr. Naylor, your Division seems to have a wide variety of interests. Would it be possible for you to outline briefly some of the principal activities of the International Division?*

GEORGE W. NAYLOR: Most of the work of the International Division falls into five principal categories: (1) Promoting the sale in overseas markets of products manufactured in this country by our domestic divisions. (2) Joining with the Engineering and Construction Division in the development and securing of overseas engineering and construction projects. (3) Seeking additional investment opportunities where Koppers processes and know-how may be profitably utilized. (4) Responsibility for Koppers investments in overseas affiliates. We share ownership in all foreign operations with citizens of the respective countries and the plants are, in all cases, actually

managed by foreign nationals. (5) Servicing a number of licensing agreements, under which Koppers production and process know-how is made available to overseas firms. For example, during 1961 alone, plants employing Koppers processes were either built or expanded in Japan, Italy, Spain, and France.

SHIELDS: *From reading your past reports to stockholders I know that, for some time, Koppers has been negotiating for a contract to build an integrated steel plant in the Philippines and to assist in its operation. Where do you now stand on that project?*

NAYLOR: The story of this project is necessarily rather complicated. The Philippine integrated steel plant was originally planned as a government entity, to be owned and operated by National Shipyards and Steel Corporation (NASSCO). NASSCO is a government corporation which presently operates a shipyard and a small steel plant.

In 1958, the Philippine government appointed Koppers the official consultant to NASSCO on this project. Koppers prepared technical and economic feasibility reports, which were submitted to the Philippine Government and the Export-Import Bank of Washington, D. C.

The Philippine government decided in 1959 that this steel plant should be established as a private corporation, to be owned jointly by the government (through NASSCO) and private investors, but controlled and operated by the private equity participants.

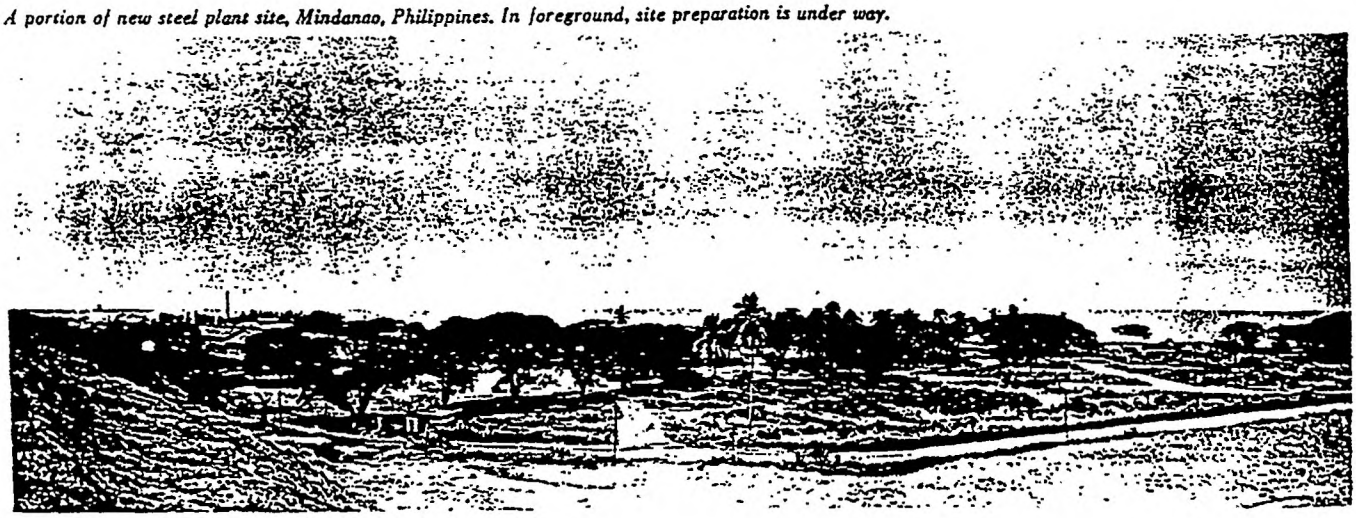
During this past year the Philippine government selected and signed an agreement with a group of private industrialists who will represent the private investors in the plant. The Philippine government is investing NASSCO's present steel-making assets in the new corporation, as well as additional capital.

Also in 1961, a formal loan application was presented to the Export-Import Bank, on the basis that the new enterprise would be privately controlled. In May, the Bank authorized a $62.3 million credit to the Republic of the Philippines to assist in the construction of an integrated steel plant.

NASSCO now awaits specific authorization from the Philippine Congress enabling it to invest in the equity of the proposed new company—to be named the Philippine Integrated Steel Corporation. We are hopeful that the required legislation can be voted into law early in 1962, and that the remaining financial plans and contractual agreements can be finalized soon thereafter.

In the meantime, to minimize future delays on the project, at the request of the President and the Cabinet of the Philippines, we were authorized late in the year by NASSCO to proceed with the basic engineering for this steel plant. This engineering work is now in progress, and physical preparation of the site will be completed by June, 1962.

A portion of new steel plant site, Mindanao, Philippines. In foreground, site preparation is under way.



Metal products division

Sales of Gas Cleaning Equipment Up; Two Major Projects Completed: Sales of electrostatic precipitators were the highest since 1957. Two major precipitator projects—to clean open-hearth gases at steel plants in Pennsylvania and Maryland—were completed in 1961. In addition, Koppers precipitators are now being installed at steelmaking facilities in Detroit, Michigan, and Genoa, Italy.

Industry interest in the use of gas cleaning equipment continues to increase. The Division now has a number of orders for precipitators for use in chemical, cement, pulp and paper, and public utility power plants.

Koppers Acquisition of Thomas Flexible Coupling Company Contested in Court Action: On January 3, 1961, Koppers acquired substantially all of the capital stock of the Thomas Flexible Coupling Company of Warren, Pa. This firm makes a disc-type metal coupling that is significantly different, in its design and in the type of applications for which it is best suited, from the Koppers line of Fast's gear-type couplings.

In February, 1961, the Department of Justice filed a civil suit against Koppers and Thomas. On January 9, 1962, the Federal District Court in Pittsburgh ruled that the acquisition had violated Section 7 of the Clayton Act and, on January 24, ordered Koppers to divest itself of the Thomas firm.

MURRAY SHIELDS: *I'm sure your stockholders will be interested in the details of this Thomas case, Mr. Cummings. At the time of the Thomas acquisition, did you anticipate any such action by the Justice Department?*

HARRY B. CUMMINGS: Frankly, we did not.

We were aware, of course, of the anti-trust laws that are intended to prevent the improper building of monopoly power through mergers or acquisitions that might substantially lessen competition in any "line of commerce." The courts have previously ruled, however, that to be considered the same "line of commerce," products must actually compete with each other, to a substantial degree. Therefore, before acquiring the Thomas firm, we made every effort to determine how much competition existed between the Thomas couplings and our Fast's couplings.

A thorough engineering analysis made in 1960 showed that less than 10 per cent of the sales of Thomas disc-type couplings were for applications or uses for which our Fast's gear-type couplings were designed and are suitable. This study, together with our knowledge of the significant design and application differences between gear-type and disc-type couplings, convinced us that these two products were not in substantial competition, and we went ahead therefore, with the acquisition.

I'd like to point out, too, that prior to the acquisition of Thomas by Koppers, the Justice Department had an opportunity to review data on this proposed move. As late as December 30, 1960—four days before the final papers were signed, Koppers was told by the Justice Department that the government had not made up its mind whether or not to oppose this acquisition.

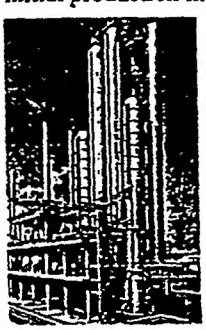
SHIELDS: *What has been the reaction of your organization to the adverse District Court decision?*

CUMMINGS: We were surprised that the court would regard an indicated overlap of less than 10 per cent in the sales of the Thomas and Fast's couplings as evidence that these two products were in substantial competition with each other. Competent witnesses, including purchasing officials of companies that are major users of metal couplings, had testified that gear-type couplings, such as Fast's, simply are not applicable for the great majority of uses for which the Thomas disc-type couplings are designed, and vice versa.

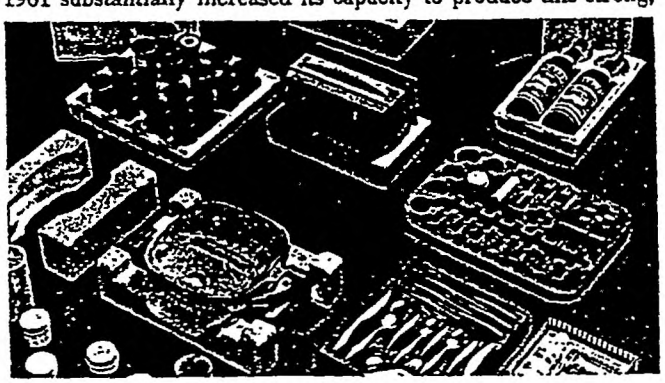
This is the crux of the case, since if the Fast's and Thomas couplings are two significantly different product lines, there could not have been a substantial lessening of competition and, therefore, the Clayton Act could not have been violated by our acquisition of Thomas.

Plastics division

Sinclair-Koppers Styrene Monomer Plant "On Stream": Sinclair-Koppers Chemical Company, a Houston, Texas, facility owned jointly by Koppers and Sinclair Oil Corporation, began initial production in September. The plant separates ethylbenzene, which is a component of one of the streams in Sinclair's refining operations, and processes it into styrene monomer—a raw material used in the production of synthetic rubber, polystyrene and expandable polystyrene. The initial start-up of the Sinclair-Koppers plant was one of the smoothest and quickest in the Company's experience with chemical processing plants. Less than six weeks after start of production, the plant demonstrated its ability to operate at the designed rate of 70 million pounds of styrene annually.



Dylite Foam Plastic Capacity Stepped Up: Reflecting the growing markets for Dylite expandable polystyrene, the Company in 1961 substantially increased its capacity to produce this strong, lightweight foam plastic material. This expansion was accomplished through the addition and modification of production equipment at the Division's Kobuta, Pa., plant.



Dylite has won wide acceptance in such uses as packaging for fragile articles, insulated containers for hot and cold drinks, novelties, flotation items, and other uses where its strength, light weight, and excellent insulating properties are valuable.

Latex Capacity to be Doubled: A major expansion of facilities for the production of styrene-butadiene latex was started during the year at the Division's Kobuta, Pa., plant. The new installation, to be in operation by mid-1962, will double the capacity of the existing latex plant.

This expansion was initiated to meet the increased latex requirements of industries such as paper, paint and textiles.

Hurricane Carla Damages Port Arthur Plant: Flood waters, driven by the force of Hurricane Carla, interrupted production in September at the Division's Port Arthur, Texas, polyethylene plant and resulted in heavy water damage to motors, switches, and instruments.

Koppers Purchases 50 Per Cent Interest in Factory-Built Home Manufacturer: In November, the Company purchased 50 per cent of the stock of General Industries, Inc., which operates under the name of General Homes. Headquartered at Fort Wayne, Indiana, General Homes is the nation's fifth largest manufacturer of complete factory-built homes. Koppers and General Homes plan to work intensively during the next year toward increasing the acceptance by the home building industry of Dylite foam-core construction.

MURRAY SHIELDS: *Judging by the fact that you boosted your Dylite capacity last year, Mr. Eynon, you evidently think very highly of the future of this material.*

DAVID L. EYNON, JR.: We feel that this product, especially in its packaging and construction applications, has a virtually unlimited potential.

During the past year we have been very gratified at the market acceptance accorded two of our newer grades of Dylite. One, an improved self-extinguishing Dylite, has been well received by board molders and aluminum siding manufacturers, and has been accepted by the Underwriters Laboratory for low-temperature insulation applications.

Also, we are now making another type of Dylite, which our customers extrude into film by a special process. This Dylite film has interesting packaging applications and will, we feel, find increasing use as a laminate to paper, paperboard and other plastics in such products as hot drink cups and decorative overwraps.

SHIELDS: *Do the construction applications of Dylite that you referred to, have a bearing on your purchase of a half interest in General Homes?*

KOPPERS NEWS
FOR ALL EMPLOYEES OF KOPPERS COMPANY, INC.

Koppers Annual Report
To All Employees
Volume 13, Number 2: March, 1962

Byrom Sees Improvement In Profit Trend Despite Lowered Income In 1961

F. L. BYROM

To All Employees:

Stockholders usually see Koppers "from the outside." By way of their personal financial investments, all 16,394 of them have pledged a faith in each of us. Through the pages of our Annual Report, they learn just how well that faith was justified.

Also, each of Koppers some 11,500 employees has made an even more personal investment in Koppers by way of his work, his growth and his own pursuit of job and financial security. To both groups, Koppers progress is of vital concern. Each group is inherently dependent upon the other for the successful outcome of its investment.

For Koppers employees, however, the year just ended cannot be summed up by financial information alone. In the many facets of our jobs, we have passed landmarks and have been rewarded and disappointed by accomplishments which will be remembered by individuals and by working teams as well.

In the following pages, which comprise Koppers Annual Report to Employees, *Koppers News* editors have gathered supplementary information to record highlights of employee interest during the past year. It must be remembered, though, that because of our highly diversified activities, not all information could be gathered, nor could all information be broken down to illustrate specific but varying practices of different locations in different divisions.

However, on a Company-wide basis, the material contained on the following pages of this insert tells some of the Koppers story – "on the inside."

An "inside" comment which is financial in nature goes back to the letter I wrote to each of you in March, 1961, in a modified *Koppers News*. In that letter, I outlined the need for greater profit performance and emphasized, for the sake of Company progress, why we must have a return on our investment of at least 20% before income taxes.

To repeat briefly, Koppers must meet its tax obligations just as you do. The Company's tax obligation is 53½% of its profit. This means that if we earn 20% on our investment before taxes, approximately 9% is left after payment of those taxes.

About one-half of our earnings is required for reinvestment into plant facilities if we are to remain competitive within the rapidly changing technologies today. If we have 9% of our earnings remaining after taxes and we put 4½% back into our plants, this means that we have 4½% left for payment of dividends to those individuals – many people just like you – who have risked their money in our Company.

In my March letter, I pointed out that today such investors can put their money into many savings and loan associations, can be insured up to $10,000 against loss, and can obtain essentially the same rate of return without risk.

At the time, I also reported our rate of return before taxes for 1960, which was 8.8% – not 20% – and suggested that you apply the above formula. The results speak for themselves.

Our rate of return on investment at the end of 1961 was 7.7% before taxes, down 1.1% from the previous year. You are all aware of the heavy damage at our Williams Plant in Port Arthur, Texas, caused by Hurricane Carla. This amounted to approximately two-thirds of the reduction

(Continued On Page 2)

"1962 . . . A Year Of Koppers Progress"

(Continued from Page 1)

in profit from 1960. Primarily due to Carla then, we lost ground against our objective of a 20% return on investment before taxes.

On the other hand, there is much in the figures to give us encouragement. The sales volume was down approximately $30 million from 1960. This would normally result in significant reductions in profits. It should be noted that, discounting the loss due to Hurricane Carla, there was only a negligible drop in profits. This would indicate that significant progress has been made in cost control and profitability improvement.

The year 1962 is one which economists agree will be a "good" year for business. Sales volume should go up. This year should provide a real test as to whether we are actually making progress toward these profit objectives. If we can increase our sales, and if we can do so without a proportionate increase in the costs of producing and selling products, and without requiring significant new investment to make this possible, then we will move in the right direction.

I have growing confidence in the skills and capabilities of all our people at Koppers and I am certain that, working together, we can accomplish the objectives we all desire. From time to time, through *Koppers News*, I will again offer comments on subjects which affect each of our jobs.

Let's make 1962 a year of increased Koppers progress.

F. L. Byrom

President

Of Money

Summing Up The Company Revenue Dollar

A commonly believed myth about corporations and the dividends they pay out is that stockholders receive more money than employees. A glance at the Koppers financial performance chart on the opposite page will reveal how wrong that myth is.

Take a salary of $5,000 a year, for example. For a stockholder to earn an equal amount in dividends he would have to invest $100,000 on a 5% return basis. In 1961 Koppers shareholders received only 1.9% of the revenue dollar, a total of $5,194,731. On the other hand, wages, salaries and pension expense soared beyond that figure to 30.3% or $83,300,941 of the total cost picture.

An interesting figure illustrated in the chart is the amount of money that Koppers kept in the business after all other expenditures, taxes and dividends were met. The chart shows 0.6%, $1,526,408. Spoken aloud, the over one and a half million dollars sounds large, and is large, but when the percentage retained is considered – six-tenths of one per cent – it is seen that for every $100 of income the Company was able to keep 60 cents.

The biggest share of the revenue dollar went for materials, supplies and services, costs totaling $159,102,182. This expense included everything from paper clips to plumbing and from T-squares to transportation.

Work sites were another good-sized cost consideration. The 4.5%, or $12,355,236 noted on the drawing as plant upkeep and replacement, is the amount that the Company plowed back into facilities to support its competitive position in an economy which demands increased technological advance.

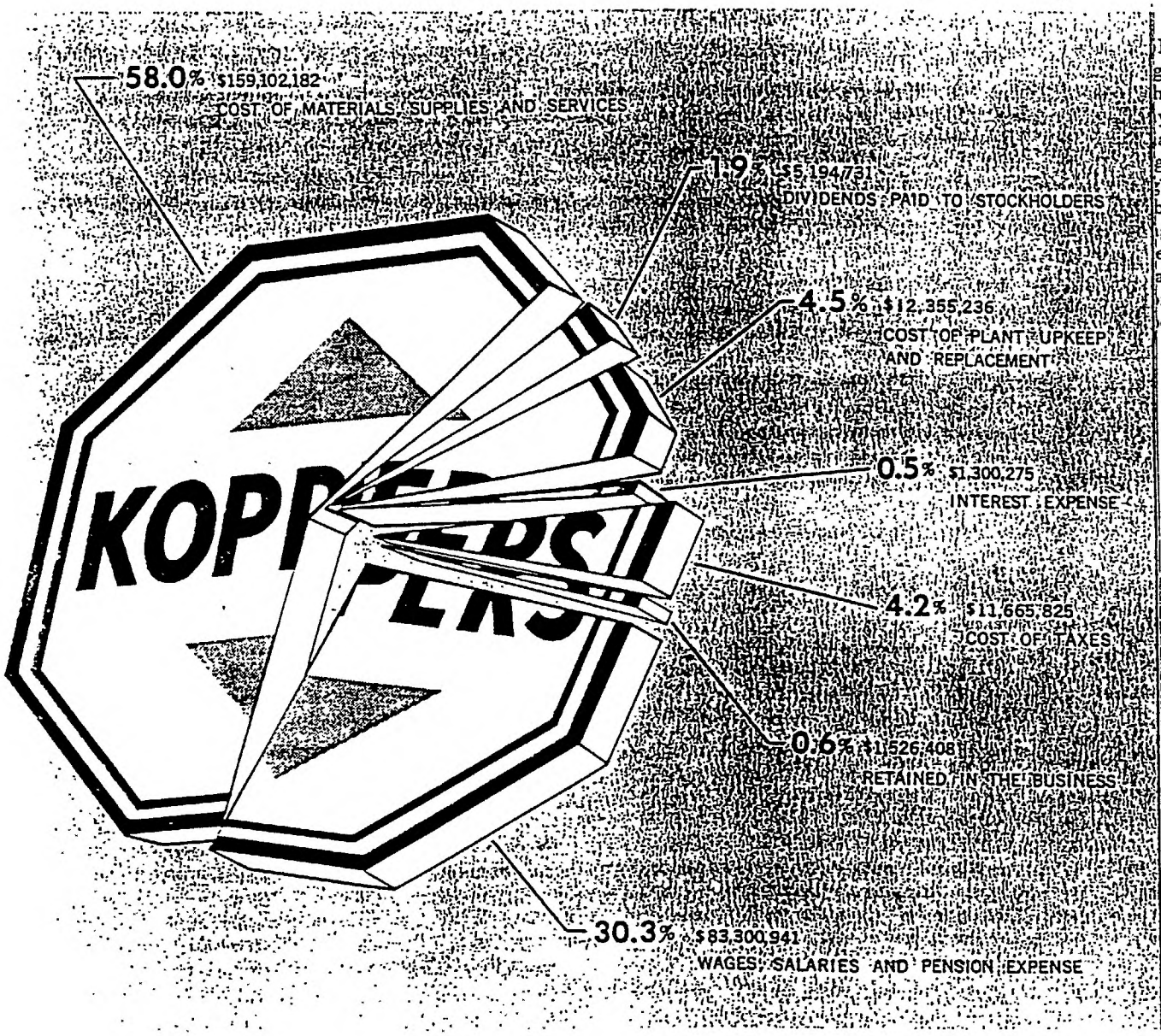
A sidenote of interest is developed when the chart section which depicts dividends paid is removed along with the section reporting funds retained in the business, and all other sections are added, then divided by a rounded off figure of 11,500 employees. The result indicates that in 1961 the average expense per employee was $23,280 . . . almost $2,000 per month for the entirety of the year.

Such a conclusion as "expense per employee" is only one way of measuring cost performance. There are many others. However it is done, all business must have a period of summing up, a point of measure. The illustration of Koppers corporate symbol sectioned into cost increments is, in part, the summing up of the Company's 1961 financial performance.

KOPPERS 1961 SALES PLUS OTHER INCOME

Amounted To $274,445,598

This is how the Revenue Dollar was spent



Of Safety

No-Lost-Time-Accident Records Pave Th

Can Koppers employees achieve a perfect safety record?

Chances are, it won't happen.

In 1961, Koppers employment totalled approximately 11,500, with man-hours of work amounting to 24,201,233. The odds in a Company with so many employees working in myriad occupations are loaded against it. But regardless of the lack of probability of Koppers maintaining a no lost time accident record for an entire year, the possibility exists.

Look at it this way.

Did your plant, your shop or you as an individual have a no lost time accident record in 1961?

Of course, many of you working in all phases of Koppers operations did. You deserve to be congratulated, both individually and collectively, for in you rests the proof that all of Koppers business can be operated with a clean safety slate.

Last Year's Performance

But in spite of this "dream of the future", here's how Koppers stacked up safety-wise in 1961.

On a Company-wide basis, on-the-job lost time accidents numbered 182, with a resulting 14,347 days of work lost – or more than one full working day lost for each Koppers employee.

Comparatively speaking, this is a good deal better than Koppers record of 201 lost time accidents in 1960, with a resulting 21,677 days of work lost, even when the total man-hours worked in 1960 stood at 25,675,450.

Koppers accident frequency rate dropped in 1961 to 7.5 lost time accidents per million man-hours worked – a drop of .3 from the 7.8 rate compiled from Company accident statistics for 1960.

Accident severity on a Company-wide basis made an even greater improvement in 1961. From a rate of 844 in the previous year, it plunged to 593 in the year just ended.

It is easy to see that in relation to 1960, Koppers had a better safety record in 1961. However, when the well-being of Koppers people is affected, improvement can be viewed only as a step in the right direction.

Throughout all locations, Koppers is trying to paint a brighter safety picture all the way down the line in '62.

Communications At The Core

Each individual's awareness of safe work practices is at the core of a good safety performance. Therefore, continual communications to maintain safety awareness is a large part of the dose of preventive medicine which makes up each division's safety program.

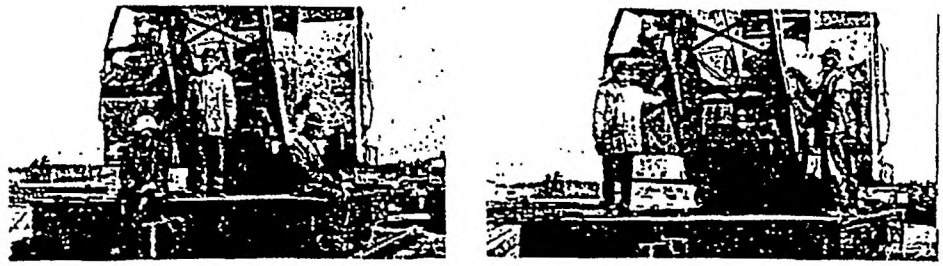
Monthly plant safety meetings often start the ball rolling. In the Metal Products Division, according to D. Hugh Wilkinson, division safety supervisor, an employee from each shop in a plant serves on the Safety Observer Committee after completing a Safety Observer Course.

In 1961, this phase of the division's safety program was initiated at the Bordentown, N. J. plant. From all locations, 82 division employees completed the course. As a result of recommendations made by all Safety Observer Committees, more than 100 unsafe conditions were corrected throughout the division.

According to the safety program organization in the Plastics Division, carrying the safety message from monthly meetings to each man in the plant is the job of department heads, supervisors and foremen. Visual aids such as posters and films are used in discussions of specific plant safety objectives. Fire fighting and prevention techniques for specific areas of work are discussed by foremen in meetings with their employees.

At the Lock Haven Plant of the Chemicals and Dyestuffs Division, Dr. D. B. Andrews, divi-

he Way . . .



RIDING A CRANE is one of the everyday operations at many Koppers locations for which specific safe procedures are prescribed. Wood Preserving's Richmond Plant employees demonstrate the wrong way to ride, at left, and the right way to ride, standing on either side of the boom with a firm grip on the handbar, at right.

sion technical director, reports that communications and training efforts have perhaps prevented a minor injury from becoming a lost time accident. By continual reminders, the Lock Haven Plant has greatly increased the reporting by employees of minor injuries to the first aid station.

Hazards which might be the cause of accidents are unearthed by the watchful eyes of plant personnel in monthly inspection tours taken at the division's Penacol Plant in Petrolia, Pa.

But according to division safety men, being alert to specific hazards is not enough. Awareness must be coupled with the proper protective equipment to do a job safely.

One hundred per cent participation in such protective equipment programs is a goal which any plant can be proud of. During 1961, this goal was reached with safety shoes and safety glasses at the Chicago Plant of the Tar Products Division.

R. C. Bauer, division safety engineer, also reported that 100 per cent eye protection was achieved in 1961 at the Verona Laboratory.

A success story for the hard hat program has been reported from the Seaboard Plant by E. C. Riplinger, industrial relations manager of the Gas and Coke Division.

The 100 per cent program was launched in 1959, and during the past two years, no serious head injury has occurred. "However," said Mr. Riplinger, "a number of hard hats do show visible evidence of the effects of 'struck by' or 'struck against' types of accidents."

C. F. Ervin of the Tar Products Utica Plant knows that business "overhead" can prevent business "headaches". "Jumbo", as he is more commonly known, has made an application in 1962 to the national Turtle Club, joined last year by the Tar Products Division, for averting serious injury by use of his hard hat.

The story goes that during some construction work, a two-by-four was dislodged and fell some distance, striking Jumbo Ervin on the head. But, wearing his hard hat, Jumbo suffered nothing worse than a startlingly loud noise.

Perhaps the most prominent part of the safety program is the multitude of awards won by plants, departments, shops and individuals for their success in adding all ingredients of a good safety program effectiveiy to maintain an accident-free record.

At four Company divisions, — Gas and Coke, Chemicals and Dyestuffs, Tar Products and Wood Preserving — individual awards take the form of the Koppers safety emblem. Presented at five year intervals to employees who have completed a consecutive number of years without a lost time accident, the safety emblem is a reminder that accidents need not happen.

Plant, shop and contract competition within divisions is another reminder that a perfect record is not an impossibility.

Such is the case in Metal Products, where competition among shops with similar numbers of employees is conducted on a "best accident rate" and "most improved accident rate" basis. In total, 15 Metal Products Division shops completed 1961 with a no lost time accident record.

A Plastics Division safety cup is available for the asking to any division plant that can equal or better 2,708,594 man-hours without a lost time accident. That was the total the Williams Plant compiled after April 7, 1955, to win the trophy at the end of 1959. Because their record has not yet been beaten, the plant at Port Arthur, Texas, still has the cup in its possession.

Other year-end contests for best safety records are held among departments at each Plastics Division plant. Awards vary according to location.

In the Tar Products Division, the year 1961 saw two plants — Hamilton, Ohio and St. Paul,

(Continued on Page 6)

. . . To A Better Safety Performance In 1962

(Continued from Page 5)

Minn. – added to the roster of those who have received the General Manager's Safety Award, bringing the division's total number of plants awarded to 10.

To be eligible for the General Manager's Award, a plant must have a record of either one million man-hours or 10 years, whichever comes sooner, without a lost time accident. In each subsequent year, a plant with the award receives a bronze plate attachment for maintaining its safety record.

In 1961, each Tar Products plant which had previously received the award qualified for the attachment.

At the various and ever-changing contract locations of the Engineering and Construction Division, 200,000 man-hours of accident-free work was achieved in 1961 under the supervision of each of four erecting engineers. They were S. D. Hayward, J. G. Richardson, B. N. Evans and G. W. Banton.

Safety Engineer, Sam Fife, Jr. is particularly proud of the Accident Prevention Award for 1961 presented to the Engineering and Construction Division by the National Constructors Association. The division qualified for the award by experiencing a safety record better than the average of the Association's 29 member companies, all of whom are designers and builders of oil refineries, chemical plants, steel mills, power plants and other industrial facilities.

Each of Koppers people who maintained his safe work record in 1961 can be rightly proud of his achievement.

But what about those 182 lost time accidents and the loss of more than 14 thousand work days? And what about the physical and financial suffering that can not be equated by Company statistics?

Certainly there is room for improvement.

The aim of safety programs at all Koppers locations is continuously to make your job a safer job. But the goals which have been achieved and those which will be achieved have one thing in common.

They depend upon your cooperation.

The Gas and Coke Division's safety slogan on the Seaboard Coke Plant bulletin board, pictured on page 1 of the January 1962 issue of Koppers News has a message for all Koppers employees:

"IN '62, IT'S UP TO YOU!"

Of Labor

Local Approach Noted

During 1961, at Koppers 84 plants in 38 states, the Company experienced, for the most part, excellent personnel relations with its slightly over 11,500 employees. Only four work stoppages took place – two of one day each, one of one week and one of 28 days.

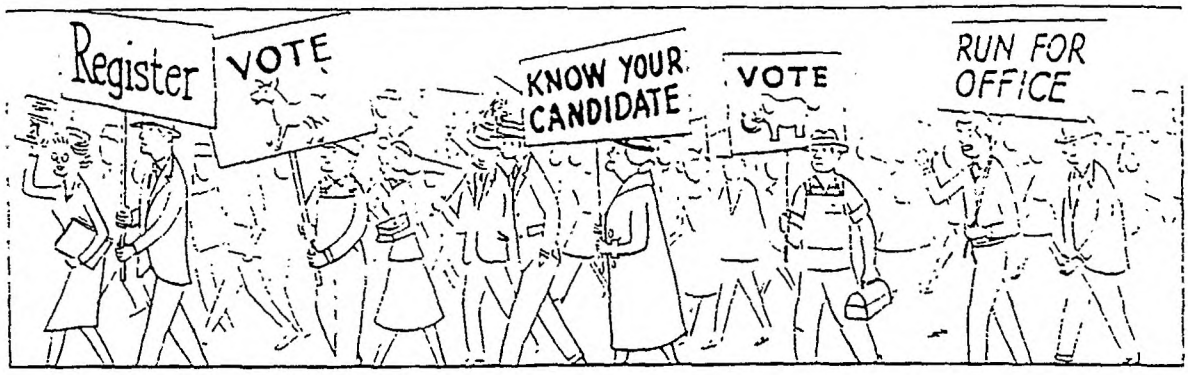
The 28 day, the one-week and one of the one-day stoppages resulted from stalemated negotiations. The remaining one-day stoppage took place as a result of a Koppers plant location on property owned by another firm, which itself underwent a wildcat strike. The other firm's strike shut out Koppers employees for the one day.

These work stoppages took place in a climate of 75 different contracts in plants and locations all around the country. Some of the contracts are one-year agreements, some two-year agreements and some three-year agreements.

For purposes of a contract "head count" only, a majority of the 75 agreements were amicably settled during 1961. Actually, some of these contracts listed as settled in 1961 were longer term contracts with deferred settlements, others were with limited reopening provisions, and some were in the process of renegotiation at year end.

The diversity of Koppers working agreements reflects directly upon the diversity of the Company itself as well as upon the policy that negotiations are the responsibility of the local plant management.

Fletcher L. Byrom, president, has said that "With 84 plants of different sizes, in different industries, located in different parts of the country, and meeting different kinds of competition, we feel that the only practical approach for us is to negotiate labor contracts with the various unions on a plant-by-plant basis."



Of Politics

Nationally, 57 Koppers People Win Office

An emerging grass roots public affairs movement in the United States was strongly supported by Koppers people in 1961 as well as in previous years. By the scores, Company men and women joined the country's over 100,000 new faces which are bringing a fresh, new expression to democracy in action.

In 1960 and 1961, from all points on the Koppers compass, 77 employees stepped into the public spotlight to run for elective office. Of that number, 57 won their contests. Additionally, two wives of employees were elected in 1961.

By party affiliation, the 77 employee contestants included 40 Republicans, 25 Democrats, two Independents and 10 unspecified. The positions won ranged from Village Trustee to a seat on Pittsburgh's City Council, and included, for at least six candidates, the first attempt in a political arena. Koppers employees can be found holding such offices as Constable, Judge of Elections, Tax Collector, Assessor, School Director, Burgess, Committeeman and many others.

Behind the scenes and out of the glare of publicity's spotlight, other scores of Company men and women worked by the hundreds in the miscellaneous jobs needed to plan, launch and conduct a political campaign – poll watching, writing correspondence, passing out cards, telephone committees, transportation committees, knocking on doors and passing out literature. Such work is unglamorous, but needed.

The public affairs activities of Koppers employees has been supported by Company policy which says, in brief, that *"Each employee is first a citizen and then an employee."* Party affiliation is considered of no consequence.

One of the educational features of value to interested employees has been the Action Course In Practical Politics, sponsored by the Chamber of Commerce and available for employees under Company auspices at participating plants and locations. The Action Course is a series of two-hour sessions conducted over a period of eight weeks.

In the Pittsburgh area alone, 350 employees have been graduated from the course in the last two years. Elsewhere around the nation, participation varies depending upon the availability of the course as well as upon how many times a year it may be offered. However, the overall count brings Koppers graduates close to 400. From the graduate list itself, approximately one-third have reported an awakened interest in public affairs, as well as active participation.

Company employees have a good record of responding honestly to their own convictions. The point was brought out during the Presidential campaign of 1960 when approximately 10% of Koppers total personnel strength contributed over $8,000 to the two parties.

In the some eight years prior to 1960, political activity among employees had an up-and-down flavor. Although fluctuating in performance, during that period 100 ran for office and 70 were elected.

The year 1962 will be a hotly contested landmark in political history. Koppers employees, if the past record is a measure, will be involved in the making of that history.

Of People

Statistically, We're "A Comfortable Crowd"

People make statistics, and statistics are among the many tools used by companies to measure their activities.

Koppers people, from all sections of the country, may wonder at the year end: how many paper clips were used; how many cigarettes smoked: how much coffee consumed; how many lunch boxes opened?

The list of subjects is as endless as the imagination, and the statistics are as impossible to compile. However, some statistics which are available illuminate some portions of Company and employee activity.

For instance, did you know that . . .

Active employees, both permanent and temporary, at the end of the past year numbered 11,512 or a decrease of 289 from the employment figure of 11,801 on December 30, 1960.

Because of the seasonal aspects of some of Koppers business, summer employment figures generally run higher. In 1961, the employment totals on June 30 were 12,201 as compared to the end of June figure of the previous year of 13,344.

Within these Company totals are included the effects of three acquisitions – the Thomas Flexible Coupling Company, Highway Emulsions, Inc. and Emulsified Asphalt Refining Company – and the shutdowns of one tar processing plant and three wood treating plants, with the net effect of an increase of 62 employees.

By eliminating the effect of shutdowns and acquisitions, the change in total employment at the ends of the two years was a net decrease of 351 employees instead of the actual decrease of 289.

Of the 11,512 names which appeared on the Company rolls at the year end, 6,671 were hourly paid and 4,841 were salaried employees. Stated another way, hourly employment amounted to approximately 58% and salaried employment approximately 42% of the total figure.

Koppers, it seems, offers an advantage to the ladies, who have an opportunity to work under a Company ratio of nearly nine to one. Of the Company's total employment, 11.8% – or 1,354 – "girls" of all ages were on the payroll at the end of 1961.

According to employment reports, largest of Koppers manufacturing divisions was Metal Products, with 1,782 hourly and 887 salaried employees. Following a close second, Wood Preserving employed 2,027 people in 1,511 hourly and 516 salaried positions.

On a Company-wide basis, 223 employees were in the spotlight as "old timers" by receiving awards for service of 25 years or more during 1961. The service emblem, representing five-year intervals after the 25-year minimum, was awarded to 97 employees who newly joined the quarter century and over group.

Forty-three had passed the 30-year mark, 49 joined the 35-year category, and 27 were awarded for 40 years' service. Seven "grandaddies of them all" tipped the award scale by individually representing 45 years of Koppers service.

In total, the 223 awarded represented 6,825 man-years of service.

Another group within the Koppers family are those who have retired from active service to look forward to hobbies, travel or "just plain relaxing". One hundred ninety eight people joined the retired ranks in 1961, bringing the total of those receiving Company pensions to 1,174.

When this figure is added to the active employment count for the year end, the total is 12,686 individuals. That's a comfortable crowd for Madison Square Garden, with only 1,514 seats to spare.

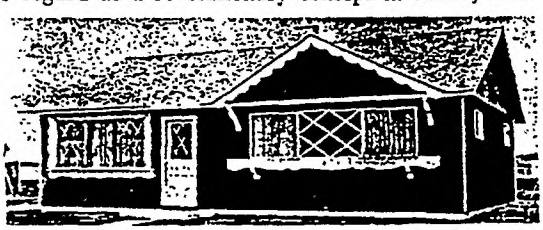
Obviously, such a meeting, just like the statistical answers to some of the questions which touch on the lives of employees, is a practical impossibility. But although no one will ever know how much coffee, paper clips, cigarettes and lunches it took to get a year's business concluded, some facts are evident.

Koppers relies on a lot of people, from truck drivers to vice presidents, from file clerks to foremen, working together by carrying out their individual responsibilities, to operate its business successfully.

EYNON: Definitely. We have, as you know, pioneered the use of expandable polystyrene foam as the core for "sandwich" type building panels, and have been producing these panels for the last two years at a large development plant in Detroit. Purchase of this interest in General Homes will enable us to accelerate the introduction of Dylite foam-core construction in the residential housing market.

SHIELDS: *Who will run General Homes now that Koppers has a one-half interest?*

EYNON: Although both Koppers and General Homes will have equal representation on the Board of Directors, we are fortunate in that Mr. William B. F. Hall, formerly sole owner of General Homes, will continue as President and chief executive officer of the jointly-owned concern. Mr. Hall has developed a very skilled and resourceful organization, and has been personally responsible for what we regard as a revolutionary concept in factory-built



homes—the "one-day" house that can be erected and ready for occupancy in a normal working day.

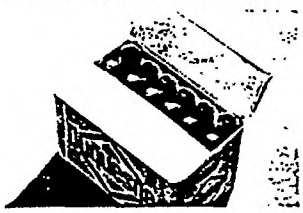
SHIELDS: *I'd like to talk about the polyethylene side of your business for a moment. I understand that your lease arrangement with Avisun Corporation, involving their use of half of your Port Reading, New Jersey, plant, expired in 1961. What do you plan to do with that half of the plant formerly leased by Avisun?*

EYNON: Our present plans are to use this half of the plant to turn out high-density polyethylene.

SHIELDS: *I know that Koppers has been in the high-density polyethylene field for some five years or more. How do you regard the prospects for this particular plastic?*

EYNON: The markets for high-density polyethylene are growing rapidly. As an example, in the past year our sales of Super Dylan polyethylene for protective coating of underground pipes have doubled.

Another application for Super Dylan, just developed in 1961, is its use in molded beverage cases. In cooperation with the Duquesne Brewing Company, which developed the initial idea, and with the Cambridge Panelyte Division of St. Regis Paper Company, retained by Duquesne to do the molding, we helped to work out an application of this material in a rugged polyethylene beer case. These cases are resistant to moisture, can be steam-cleaned, and will make many more round trips from the plant to the consumer than are now possible with other types of cases.



Tar products division

Two Asphalt Emulsion Firms Acquired: During 1961 two firms which produce and sell emulsified asphalt road materials were purchased by Koppers: Highway Emulsions, Inc., with three plants in Western Ohio; and Emulsified Asphalt Refining Company, an asphalt emulsion producer operating five plants regionally in North and South Carolina, and Georgia.

Tar Chemicals Expansion Under Way at Follansbee Plant: Tar acid capacity at the Follansbee, West Virginia, coal-chemicals plant is now being increased 25 to 30 per cent. This major expansion program, to be completed late in 1962, was necessitated by a steadily increasing demand for tar derivatives such as phenols, xylols, cresols and cresylic acid. All of these acids are used in manufacturing processes in the chemicals and plastics industries.

Two New Chemicals Introduced in 1961: Two new chemicals were made available for commercial sale during the year by the Division. KOPOX resins, because of their electrical resistance properties and high heat-distortion temperatures, are finding application in epoxy molding powders and encapsulating compounds for

the electrical industry. Another new product is FLEXIPHEN 160, which improves the impact strength and flexibility of phenolic plastics. Phenolics, although possessed of high heat and corrosion resistance, have heretofore been relatively brittle.

Koppers Built-Up Roofs Now Bonded for 25 Years: Koppers competitive position in the roofing field was further strengthened in 1961, when the guaranteed life of built-up roofs constructed of coal-tar pitch was increased from 20 to 25 years—at no additional cost to customers. This increase in bonded life was based upon the fine historical record of coal-tar pitch as a long-lasting, maintenance-free roofing material.

Koppers coal tar roof in excellent condition after 26 years of service.

MURRAY SHIELDS: *Mr. Brown, I noticed that you acquired two asphalt emulsion firms last year. As a matter of practice, do you operate these as separate subsidiaries or integrate them into your Division?*

C. E. BROWN: As you know, our policy when studying possible acquisitions, is to take a long look at whether we can acquire experienced and capable management with the purchased company. In the case of these two asphalt companies, we are fortunate in that actual management of the plants has continued under the direction of the former personnel, who are experienced and well qualified in this particular field. The two firms have been integrated into the Koppers organization and are now a part of our Division's road materials department.

SHIELDS: *I notice that your Division brought out several new products in 1961. Have newer products been important in increasing your Division's sales volume in the past several years, or have you depended primarily on the growth of your older, established lines?*

BROWN: We've been gradually building a larger sales volume through the addition of newly-developed products. upgrading of existing products, and new products obtained through acquisition.

In 1961, for example, about $10 million of our sales volume was generated by products introduced or acquired by the Division since 1955. In this $10 million we include sales of pavement sealer, asphalt emulsions, chlorinated products, newer types of cold-applied protective coatings, extruded carbon electrode pitch for the aluminum industry, and various chemicals such as our sulfur-free naphthalene.

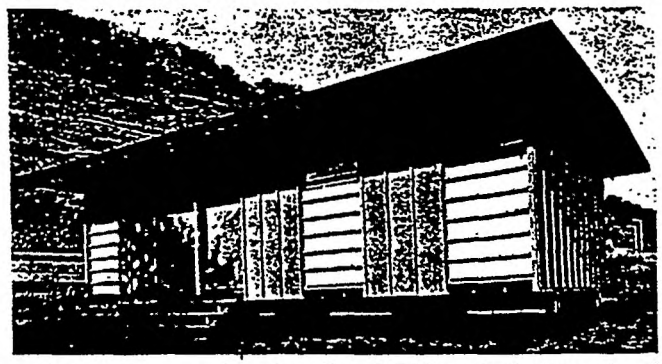
Wood preserving division

Revolutionary "Cellon" Treatment Announced; Plant Expansion Under Way: A revolutionary new wood preserving process which protects wood against decay and termites, while retaining all of wood's desirable natural characteristics, was introduced during the year. This superior process, called "CELLON", will expand the existing uses of treated wood, and is expected to open up many new markets. An expansion program has been initiated at Oroville, California, to adapt the existing plant there to the production of "CELLON" treated wood. Commercialization of this process is expected to be accelerated in 1962 through the expansion of several more Koppers plants, and through a planned program to license other companies to use the "CELLON" process.

Sales of Non-Com Fire-Protected Wood Double in 1961: The Division's sales volume of NON-COM fire-protected wood, which is wood that will not support combustion, was twice that of 1960—and it is anticipated that 1962 volume will double again. Division

personnel are continuing to work closely with insurance underwriters and building code officials, to secure wider recognition of the basically non-combustible properties of NON-COM wood. Five companies have been licensed to date to treat wood with the NON-COM process, and additional licensees will be added in 1962.

Low-Cost "Moka" House Offered to Developing Countries: To meet the urgent need for low-cost housing in newly-developing countries, the Division has developed and is currently testing the "Moka" house—named for the Puerto Rican town where this type of house was first built. The "Moka" house is an extremely



modest structure made primarily of Wolmanized plywood and lumber, which resists decay and termite attack. In an effort to participate quickly in the large foreign market for low-cost housing, display houses have been placed on exhibit in Jamaica, Puerto Rico, and Ghana.

New Alaskan Treating Plant Opened: Koppers first Alaskan plant, a wood-treating installation at Whittier, was put into operation in August. It is the only wood-treating facility in Alaska, and will be used to treat utility poles, railroad ties, and other wood products.

Three Treating Plants Closed; Operations Consolidated at Other Locations: After a careful study of market requirements and available production facilities, three of the Division's 35 wood preserving plants were closed in 1961. Operations of the three closed plants were consolidated at other divisional installations, which are better located to serve the changing markets for treated wood, and where treating work can be performed more profitably.

MURRAY SHIELDS: *I'm intrigued by this "CELLON" treatment. Just how does this process differ from conventional wood-treating methods?*

DOUGLAS GRYMES, JR.: Traditional processes for salt preservatives use liquid carriers that generally remain in the wood for a period of time after treatment. Since the "CELLON" process uses a carrier of liquefied petroleum gas (LPG) which is evaporated in the treating process, the treated product retains only a non-volatile and non-leachable crystalline preservative.

SHIELDS: *How is the wood improved over other pressure-treated wood?*

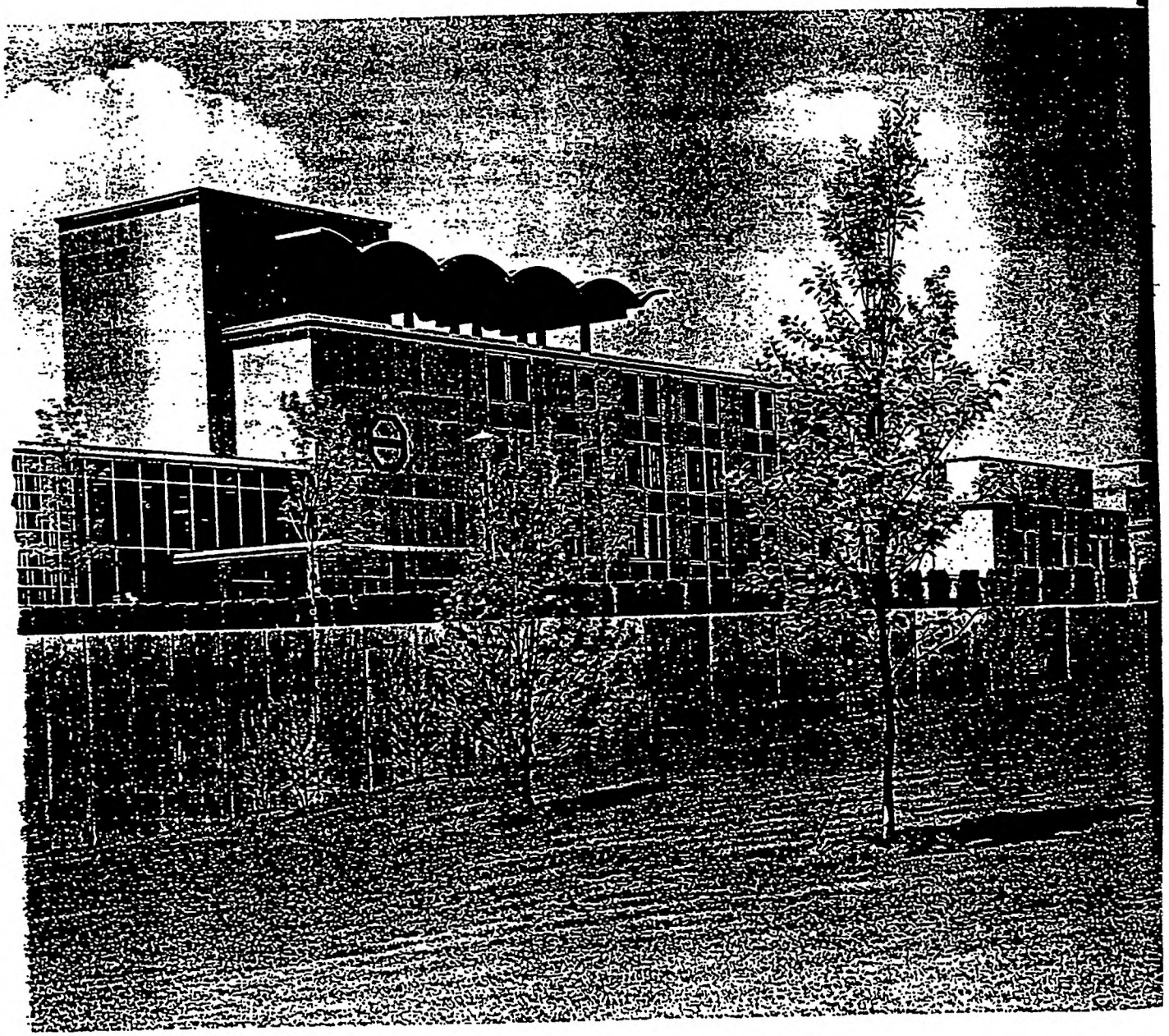
GRYMES: "CELLON" treated wood enjoys the advantages of other woods properly pressure-treated with a standard preservative: i.e. it is protected against decay and termites, but it has the additional

advantages of being unchanged in color, odor, moisture content, or cleanliness of surface. "CELLON" treated wood is dimensionally unchanged, and can be glued, painted or varnished. Then, too, the preservative penetration is deeper. The "CELLON" process is the first to achieve 100 per cent penetration of Douglas Fir utility poles.

I might also add that this process will make possible the fabrication of lumber and plywood after treatment, an operation never before practicable with conventional treatments.

SHIELDS: *It certainly sounds as though this wood will have a very bright future. Just what do you foresee as the most important markets for "CELLON"?*

GRYMES: It's a little too early to tell exactly how far we can go with this wood but, at the moment, we feel that "CELLON" treated wood will find important uses for utility poles, in floor and roof decking, in industrial and residential construction, and in many other areas where its broad range of properties will be valuable.



OPPERS RESEARCH...
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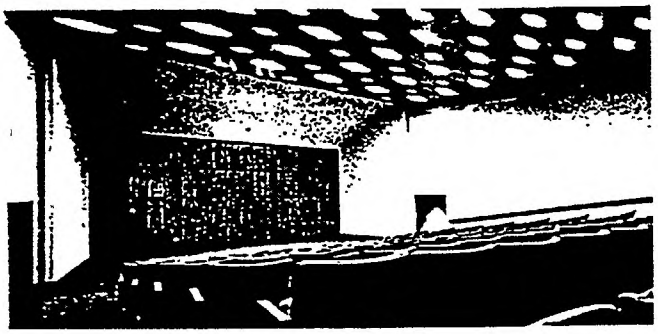

The new Koppers Research Center, located in Somervell Park at Monroeville, Pa., a few miles east of Pittsburgh, was completed in 1961. Formal dedication ceremonies were held on August 28. While the new Center will house most of the Research Department's activities, the Verona Research Center, also located near Pittsburgh, will remain in use as a facility for pilot plant and engineering research.

The new Monroeville Center is composed of five buildings—three laboratory wings, an administration building; and a boiler house. The administrative section contains the general offices, the library, an auditorium which can seat 230 persons, a large cafeteria, a medical dispensary, and other supporting facilities.

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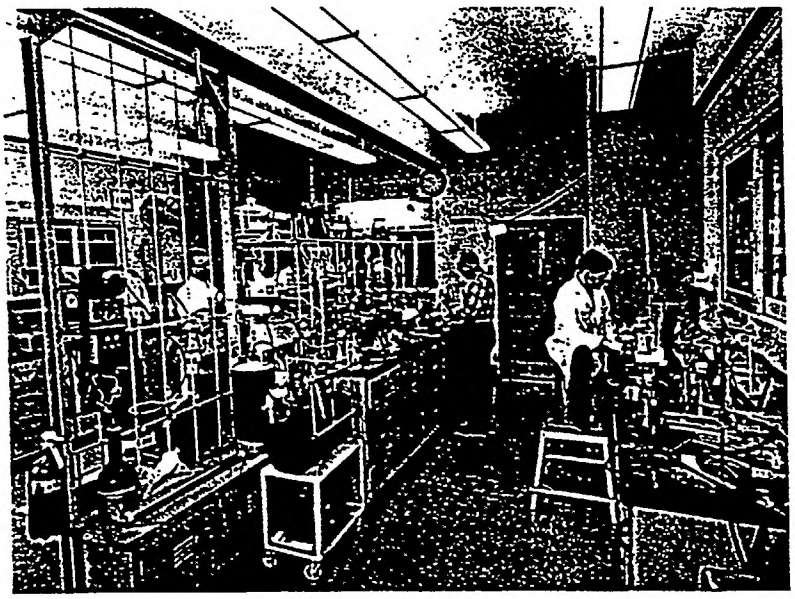


Dr. Paul W. Bachman, Director of Research and Development, (left), and Fred C. Foy, Chairman of the Board, examine an exhibit prepared for the open-house tours of the new Research Center.

The 230-seat auditorium-conference room is acoustically designed to permit a speaker, talking in a natural voice, to be heard throughout the room.

This relief bust of the late General Brehon Somervell, former Chairman and President of Koppers, is positioned in the front lobby of the Center.

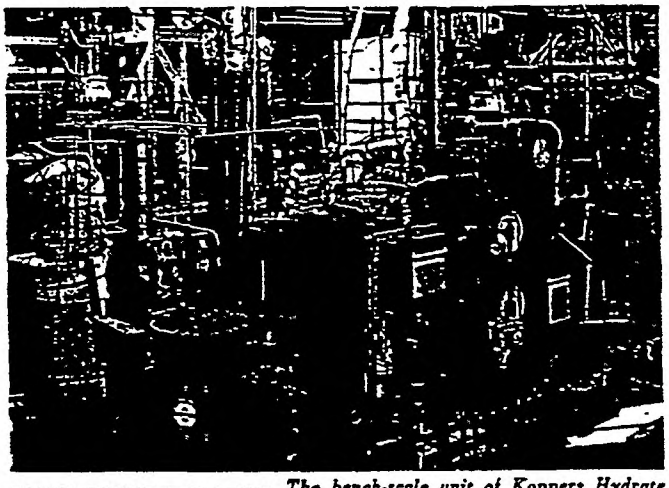
This typical laboratory module provides ample space and facilities for a team of scientists working on a specific project.

The attractive, well-lighted cafeteria at the Research Center provides comfortable seating for over 200 persons.

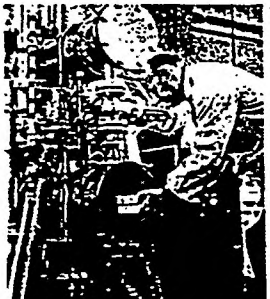
In the laboratory wings, the laboratories are located along one side of each corridor, with office and non-experimental space positioned directly across the corridor from each laboratory. This efficient design permitted substantial savings in building costs by centralizing all drainage, plumbing and service facilities on the laboratory side of the building.

The present Research Center is based upon an ultimate plant scaled back to present needs, and provision for future expansion has been built into the Center. It should be adequate to handle the Company's research needs for many years to come.

Koppers research . . . 1961 review



The bench-scale unit of Koppers Hydrate Process enables research scientists to develop important information . . . which can be translated into designs for a pilot plant, demonstration unit, and perhaps eventually for a ten million gallon-per-day commercial plant.



Research work on the pressure-treatment of wood, carried out in miniature treating cylinders, helps to improve the effectiveness of various preservatives and treating methods.

Exploratory Research: Development work on the Koppers Hydrate Process, for the conversion of saline water to potable water, progressed satisfactorily during the year. The Office of Saline Water, U. S. Department of the Interior, has consistently expanded Koppers contract for the continued development of the Process—on the basis of equal financial support by the Government and by Koppers. Plans are in preparation for the construction of a 10,000 gallon-per-day pilot plant scheduled to be built during 1962.

Other research work performed under contract with the Government also increased during the past year. One specific project involves a study of the behavior of lubricants for rotary seals on aircraft engines, which are designed for jet planes that will fly at three times the speed of sound.

Plastics Research: A new and superior self-extinguishing Dylite expandable polystyrene foam was released for sale during 1961. The availability of this new material, which will not support combustion, will serve to further expand the growing markets for this plastic.

In the polyethylene field, significant progress was made during the year in effecting process improvements, and in developing high- and normal-density polyethylenes with enhanced performance characteristics.

An improved new styrene-based latex, designed primarily for use in exterior paint formulations, was added to the line of Koppers Dylex latices in 1961. This latex also has important uses in automobile paint primers, and in interior house paints. An expansion program started in 1961 will double the Company's capacity to produce styrene-butadiene latices.

Wood Chemistry Research: A pilot plant for the acetylation of wood was built during the year, and a sizable number of wood samples were treated for potential customers. This acetylation treatment eliminates the tendency of wood to swell or contract with changing humidity, and will enable wood to be used in applications where stability of size and shape is important. This acetylated wood will find important uses in machine parts, dies, shoe lasts, gun stocks, bowling pins and bowling alleys, flooring and doors.

Tar Products Research: A new series of epoxy resins, named KOPOX resins, was introduced commercially in 1961. These KOPOX resins, used in formulating coatings and fiber reinforced structures, cure at low temperatures and form strong, tough bonds with high electrical resistance. These resins, together with resorcinol diglycidyl ether (RDGE), mark Koppers entrance into the rapidly growing field of epoxy resins.

Chemicals and Dyestuffs Research: New dyestuffs were added during the year to the sales line of the Chemicals and Dyestuffs Division. These include disperse dyestuffs for polyester fibers and for plastics.

The variety of dyestuffs available for coloring anodized aluminum was also increased during 1961, with the development of the new Alofast dyeing process. Previously, colors were applied only from water solution— but the Alofast process, incorporating the use of an organic solvent, greatly increases the range of dyestuffs which can be used to color aluminum.

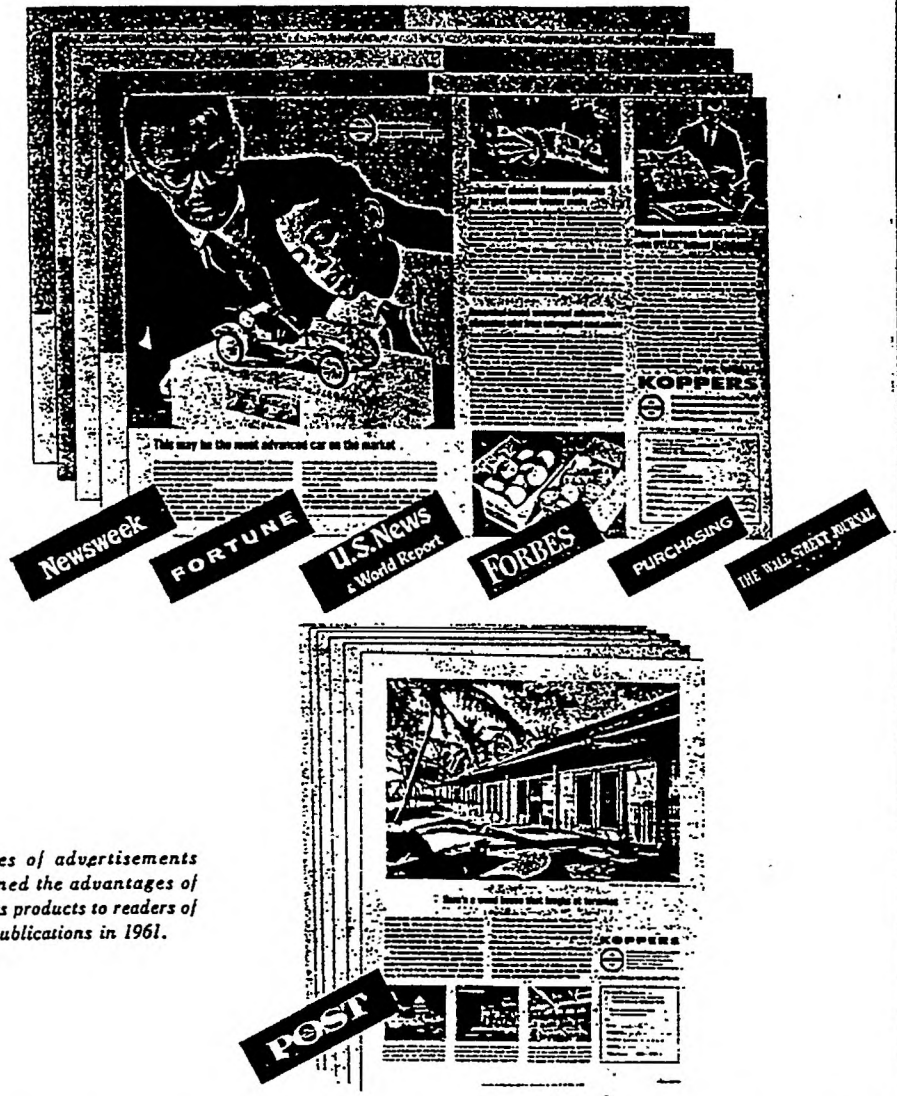
In the adhesives field, two special-purpose Penacolite Resorcinol Adhesives were developed: one to laminate softwoods at lower temperatures than previously possible; and another formulation with superior adhesive qualities in bonding rayon tire cords to butyl rubber.

HIGHLIGHTS FROM 1961 CORPORATE ADVERTISING

Selected product stories from the Company's 1961 corporate advertisements are reproduced on the following six pages. During the year, the inquiry-pulling Koppers corporate campaign appeared in THE SATURDAY EVENING POST, NEWSWEEK, U. S. NEWS AND WORLD REPORT, FORTUNE, FORBES, WALL STREET JOURNAL and PURCHASING.

These product descriptions are presented in this Report to inform stockholders about some of the newer and more interesting applications of Koppers products—and to indicate the way in which the Company promotes these products to customers and potential customers.

If you would like more information on any of the products illustrated in this section, an inquiry coupon has been prepared for your convenience and may be found on page 27.



A series of advertisements explained the advantages of Koppers products to readers of these publications in 1961.

1. How to moisture-proof new homes for $20

For an extra $15.00 or $20.00, Chicago builder Harold Smit completely waterproofs the homes he builds. He installs DURETHENE®, a tough plastic film, underneath basement slabs, in crawl spaces, around foundations, and even between sub-floors and finished floors. It prevents leaks in foundations or seepage through walls. Moisture can't get in to peel paint, decay untreated lumber, crack or spall concrete, warp or damage wood floors.

DURETHENE polyethylene film comes in rolls up to 40 feet wide and 100 feet long. One wall can be fitted in only fifteen minutes.

Many builders are installing this permanent moisture barrier because it's a valuable extra that helps sell homes and increase buyer satisfaction. Check the coupon for complete information.

2. Here's a wood house that laughs at termites

About twenty yards past those palm trees is Florida's Biscayne Bay. It's a great area for people, but rough on wood. Sooner or later, ordinary lumber is eaten by termites or rotted by the warm moist climate. But not the wood in *this* house. It was treated with a solution of WOLMAN® preservative salts, a Koppers product.

The lumber was placed in a large pressure chamber; air was drawn out of the wood cells, and the WOLMAN solution was forced in under high pressure. This process gives the wood lasting protection from termites and decay. It leaves no odor, no stickiness. Handle it just like ordinary lumber. Glue it. Cut it. Nail it. Paint it, or leave it with the clean look of natural wood, like the house in the picture. This particular house was selected by a leading architectural magazine as one of the "Twenty Houses of the Year."

3. Magee improves tufted carpet with DYLEX® latices

THE MAGEE CARPET COMPANY improves their tufted carpets by using DYLEX latices applied to the backside of the tufted carpet to permanently lock in the tufts to the backing, giving the carpet a feeling of quality, as well as stability.

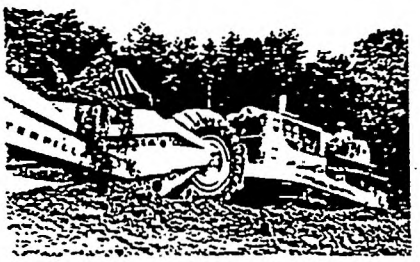
Most latex, which is essentially rubber in dispersed form, requires a vulcanizing agent to cure it. But vulcanizing can cause problems in carpet manufacturing —for instance, high vulcanizing temperatures can discolor many of the new synthetic fibers. THE MAGEE CARPET COMPANY successfully uses DYLEX latex, which requires no vulcanizing, yet gives superior adhesion . . . more tuft-holding strength. Because DYLEX latices can be simply mixed with fillers and other ingredients, inventory and special equipment requirements are reduced.

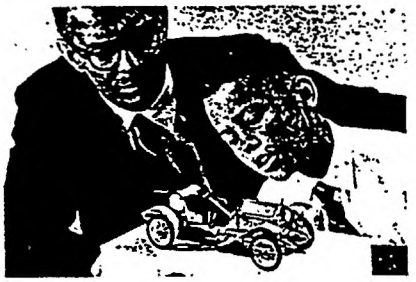
4. Caterpillar chooses Koppers products for largest crawler tractor made

CATERPILLAR's D9 Tractor is the largest single-engine crawler manufactured . . . a 64,800-pound giant with a 385 horsepower, six-cylinder, turbocharged diesel engine. To protect the CATERPILLAR reputation for dependability and low maintenance, every component for the D9s must meet unusually high standards of performance. That's why CATERPILLAR chose Koppers piston and sealing rings for this crawler tractor.

Says CATERPILLAR: "The D9 Tractor is ruggedly built for a long life under the most severe operating conditions. In addition, special attention has been given to insure the production of a power plant that is easy and economical to operate and maintain. On all these counts, the Koppers products we have selected meet our requirements of quality and dependability."

Koppers manufactures a complete line of piston and sealing rings that can be furnished in quantity for industrial engines of all sizes.





5. This may be the most advanced car on the market

It's an exact scale model of the 1914 Stutz Bearcat.* Everything except the tires is made of DYLENE® polystyrene plastic because plastics reproduce the most minute detail accurately, are lighter, easier to process, easier to color, and cost less than competitive materials for scale models.

For those same reasons, Detroit designers are using more and more plastics every year to replace other materials in actual automobile production. Today, some new models have as many as 200 plastic parts, and in coming years you'll see a lot more because stronger, more versatile plastics are now on the market—tough, durable materials like SUPER DYLAN® high-density polyethylene, a Koppers plastic that is now used for kick panels, heater ducts and other parts in many automobiles—and DYLITE® expandable polystyrene, a Koppers rigid foam plastic that is lightweight, strong, absorbs impact, and is an excellent thermal insulator.

**Scale model made by* AURORA PLASTICS CORPORATION, *West Hempstead, N. Y.*

6. Here's the H. J. Heinz recipe for an economical warehouse

Take 203 pressure-treated poles, add a concrete floor, top with fire-protected wood trusses, then cover with metal sheets. Yields a 300′ by 149′ warehouse. H. J. HEINZ built it to accommodate the stepped-up production of their Fremont, Ohio plant.

They selected a pole-type structure because it could be built faster; it made a strong, *permanent* building that requires very little maintenance: and it cost about *half as much as other types of construction.* The poles were pressure-treated by Koppers for permanent protection from decay.

The trusses are NON-COM wood—a Koppers chemically treated wood that prevents the spread of fire. Fire-protected lumber and pressure-treated pole construction comply with strict fire codes and insurance regulations. Check the coupon.

7. Wood that won't rot

Florida's Everglades are rough on wood. If it doesn't rot, it's eaten by termites. But the architects wanted the clean look of natural wood for this pavilion at Caribbean Gardens. Therefore, the lumber was treated with a WOLMAN® preservative solution.

In a large pressure vessel, air was drawn out of the wood cells and the WOLMAN solution forced in under high pressure. It permanently protects the wood from termites and decay; leaves no odor or discoloration.

Incidentally, don't think all the termites have retired to Florida. They're working full-time in 48 of our 50 states, and their damage to residential and commercial buildings runs into millions of dollars a year.

This WOLMANIZED® lumber can stand for decades. Check the coupon for complete information on this lumber that is pressure-treated for permanence.

8. How to prevent deterioration of asphalt drives and parking lots

Gasoline, oil, and asphalt are all petroleum products with similar structures. That's why gasoline and oil drippings dissolve and ruin an asphalt surface.

To protect the 87,000 square-foot asphalt parking lot below, 1,800 gallons of Koppers Pavement Sealer were applied in two coats. The sealer is a *coal-tar* based coating that cannot be dissolved by gasoline and other petroleum drippings. Koppers Pavement Sealer is also resistant to water penetration, so it prevents much of the breaking up caused by alternate freezing and thawing. Finally, it protects against sun damage—the drying out, baking and crumbling common to unsealed asphalt pavements.

Many large corporations specify coal-tar emulsion sealer for *all* their company lots throughout the country. They've studied the problem of asphalt maintenance and they found the answer.

9. Picnic Cooler Keeps Ice Cubes Four Days

It's a picnic revolution—the new DYLITE® expandable polystyrene picnic cooler chest that keeps food and drinks refrigerator-cold up to four days without ice refill.

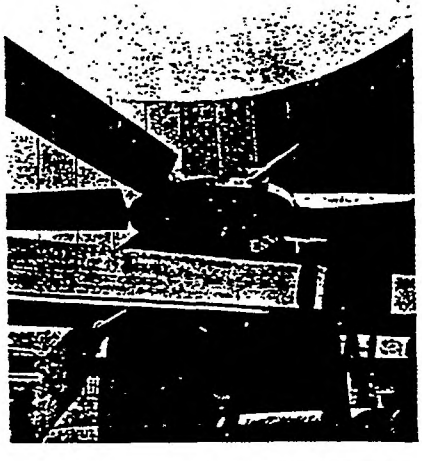
These foam plastic coolers are extremely lightweight, ranging from three to five pounds, yet they're sturdy enough to use for picnic seats. There's nothing to corrode. They do not absorb food odors or water. No sharp edges. No interior hardware to work loose.

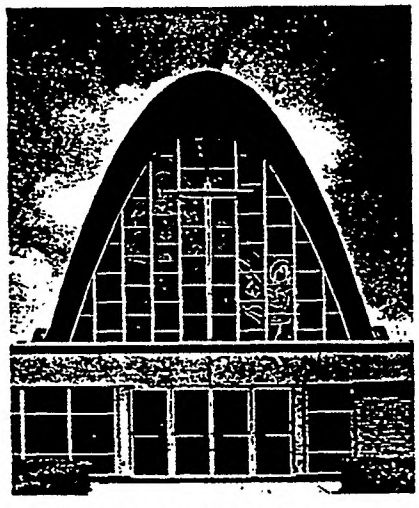
You can find these efficient DYLITE coolers at your local department, drug, hardware, variety, or sporting goods store. Look for the blue DYLITE tag that tells you the manufacturer has chosen superior insulation material, or check the coupon for further information.

10. No decay in wood cooling tower in spite of heat and moisture

This 22-foot diameter, six-bladed aerodynamic fan is one of four built by Koppers Metal Products Division for the water cooling tower installation at the atomic reactor testing station near Idaho Falls, Idaho. These exceedingly efficient fans help the redwood tower cool 24,000 gallons of water per minute.

And in spite of the tremendous heat and moisture. the wood has lasting protection from fungus and decay because it was pressure-treated with ERDALITH® salts, an *insoluble* Koppers preservative, driven under heat and pressure deep into the cells of the wood. Check the coupon for more information on cost-cutting pressure-treated wood and vibration-free AEROMASTER fans.





11. Waterproof adhesives permit greater flexibility in church design

Two of the four main wood arches that support the roof of the St. Bernard's Catholic Church in Middleton, Wisconsin, are on the *outside* of the church, exposed to the elements. But the massive timbers won't lose their structural strength because they're laminated with PENACOLITE® Resorcinol Adhesives—a 100% waterproof glue that makes a bond as strong as the wood itself.

PENACOLITE adhesives never weaken with exposure to weather. water, strain or age. They're so strong and waterproof they're even used to bond wooden hulls of boats. The arches of this church were fabricated by UNIT STRUCTURES, INC., of Peshtigo, Wisconsin.

12. Pick a roof. We'll bet it's leak-proof!

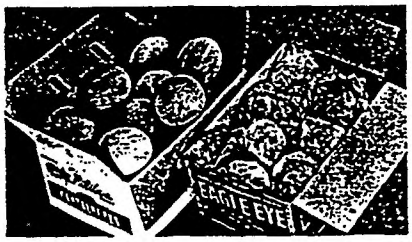
Almost every major building you see here in New Haven has a Koppers Coal-tar Pitch Built-up Roof—a watertight roof, bonded for 20 years of trouble-free service. New Haven's current redevelopment program puts special attention on use of best possible materials for all new construction and modernization projects. Comparative studies of existing buildings have proved that Koppers Coal-tar Pitch Built-up Roofs perform better and last longer than any other type. There are now more than 370 Koppers roofs in this one city!

Alternate layers of coal-tar pitch and tar saturated felt. topped with slag or gravel, make Koppers Built-up Roofs so watertight that hundreds of them throughout the country have already far outlived their 20-year guarantees. Coal-tar pitch, with its remarkable property of "cold flow" actually seals hairline cracks if they develop, and stops trouble before it starts.

13. Sound traps keep the fans quiet at Pittsburgh's new Civic Arena

In its new Civic Arena, Pittsburgh can now boast of the world's largest dome and the only one that moves. The auditorium's powerful ventilating system moves 130,000 cubic feet of air per minute—and to stifle the roar of the high-powered fans, the engineers installed 118 AIRCOUSTATS®, designed and manufactured by Koppers. The AIRCOUSTATS are located in the ductwork of air intakes and in the 24 huge metal pylons which discharge heated or cooled air into the auditorium.

AIRCOUSTATS' scientific sound-trap design muffles all frequencies of fan noise—but doesn't block the smooth passage of air. They're easy to install in new or existing ductwork and they're sturdy, dust-free, and fireproof. For more information on completely *quiet* air circulation, check the coupon.



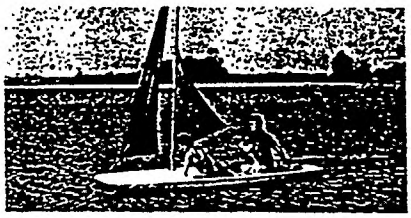
14. Odorless waterproof adhesive for corrugated food containers

Each year vegetable and fruit growers save thousands of dollars when they ship in corrugated containers instead of the more costly and heavy wooden crates. Waterproof corrugating adhesives opened this market for container manufacturers, but they also created several problems. Many of these adhesives have a powerful odor. They take so long to set that they will not permit economical production on high-speed corrugating machinery, and they are hard to clean from machinery. THE PIONEER DIVISION of FLINTKOTE COMPANY in San Leandro, Calif., solved these problems by making their fruit and vegetable containers with a special waterproof adhesive based on resorcinol, a Koppers chemical. The A. E. STALEY MANUFACTURING COMPANY and PENICK & FORD, LTD. combined resorcinol with other ingredients, and developed a waterproof glue that is virtually odorless, quick-setting and ideally suited for food containers. Because this adhesive will efficiently cover more surface area than other waterproof adhesives, it lowers gluing costs per square foot.

15. Plastic kick panels that look like leather, wear like steel

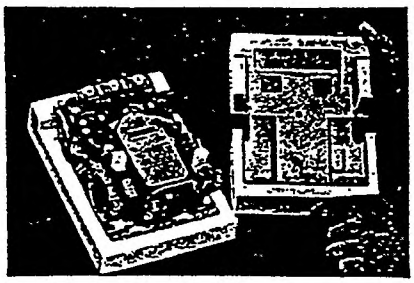
The side cowl panels on 1961 Fords, Falcons, Mercurys, Comets and Thunderbirds are made from SUPER DYLAN® high-density polyethylene—one of the plastics that's revolutionizing automotive design. The plastic panels have replaced painted hardboard. They have a leather-like finish that won't chip, crack, peel, or warp.

The SUPER DYLAN panels are unaffected by temperature changes and they wipe clean instantly. They have a beaded edge that eliminates expensive fabric trim needed around the hardboard panels. Investigate SUPER DYLAN for any tough assignment. It molds to any size or shape, any color. Check the coupon for complete information.



16. Boat that never sinks

This 12-foot sailboat sells for less than $100. The entire hull is one solid piece of molded DYLITE® expandable polystyrene . . . a Koppers rigid foam plastic. It weighs only 45 pounds, yet supports over 500 pounds. Even if flooded, it still floats like a cork. It can't become waterlogged. The sail is made of strong DURETHENE® polyethylene film, also made by Koppers. Look for this fine sailboat, sold under the name "Blue Dolphin."



17. DYLITE protects equipment

Because of DYLITE's strength and high impact resistance, WESTINGHOUSE uses it to cushion special electrical equipment in shipping. The new package is lighter, more economical and 50% smaller than the conventional package it replaced.

18. Pipeline coating stays "picture perfect" after 6 years

Engineers used a specially designed waterproof camera to check the interior of this combination sanitary-storm sewer pipe in Jersey City. Six years ago the 24" diameter concrete pipe was lined with BITUMASTIC® Super Service Black, one of the protective coal tar coatings produced by Koppers.

In spite of the daily flow of 500,000 gallons of raw sewage and abrasive washings from storm sewer interceptors, the BITUMASTIC coating was still in excellent condition; no cracks, breaks or peels.

For further information on any of the Koppers products and services featured on pages 22 through 27

PLEASE CHECK COUPON ➤

To: Fred C. Foy, Chairman
Koppers Company, Inc., Room 1434
Koppers Building
Pittsburgh 19, Pa.

Please send additional information about:

1. ☐ DURETHENE polyethylene film
2. ☐ WOLMANIZED lumber
3. ☐ DYLEX latices for carpets
4. ☐ Piston and sealing rings
5. ☐ Koppers plastics
6. ☐ Industrial-commercial pole buildings
7. ☐ NON-COM Fire Protected Lumber
8. ☐ Koppers Pavement Sealer
9. ☐ DYLITE picnic coolers
10. ☐ Cooling tower lumber
    ☐ AEROMASTER fans
11. ☐ PENACOLITE adhesives
12. ☐ Koppers Built-up Roofs
13. ☐ AIRCOUSTAT Sound Traps
14. ☐ Resorcinol-based adhesives
15. ☐ SUPER DYLAN polyethylene
16. ☐ DYLITE sail boats
17. ☐ DYLITE for packaging
18. ☐ BITUMASTIC coatings

NAME_____

ADDRESS_____

CITY_____ ZONE____ STATE_____

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

NAME OF COMPANY_____

JOB TITLE_____

2-7

report of certified public accountants

financial statements Koppers Company, Inc. and consolidated subsidiaries

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, 1961 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, 1961 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 23, 1962

consolidated statement of income and earnings retained in the business

Years ended December 31, 1961 and 1960

(See accompanying notes)

	1961	1960
Net sales	$273,442,712	$302,538,588
Operating expenses (Note 2):		
Cost of sales	207,258,662	237,055,543
Depreciation and depletion	12,355,236	12,134,660
Taxes, other than income taxes	5,434,498	5,577,263
Selling, research, general and administrative expenses	35,144,461	33,248,978
	260,192,857	288,016,444
Operating profit	13,249,855	14,522,144
Other income:		
Dividends (Note 1), interest and miscellaneous	556,800	616,673
Profit on sales of capital assets	1,151,927	572,524
Property damage due to hurricane	(705,841)	—
	1,002,886	1,189,197
	14,252,741	15,711,341
Interest expense	1,300,275	957,734
Income before provision for income taxes	12,952,466	14,753,607
Provision for income taxes:		
Federal income tax	5,490,000	6,522,000
State and foreign income taxes	741,327	757,773
	6,231,327	7,279,773
Net income for the year	6,721,139	7,473,834
Earnings retained in the business at beginning of period	67,744,622	65,215,683
	74,465,761	72,689,517
Cash dividends paid:		
On preferred stock, $4.00 per share	600,000	600,000
On common stock, 1961—$2.00 per share; 1960—$1.90 per share	4,594,731	4,344,895
	5,194,731	4,944,895
Earnings retained in the business at end of period (Note 4)	$ 69,271,030	$ 67,744,622

consolidated balance sheet

December 31, 1961 and 1960

(See accompanying notes)

assets

	1961	1960
Current assets:		
Cash	$ 9,164,963	$ 12,402,361
Accounts receivable less allowance of $446,639 for doubtful accounts	49,372,565	45,861,283
Inventories (Note 3)		
Product inventories including work in process	39,603,410	39,217,619
Raw materials and supplies	11,031,215	10,043,671
Prepaid insurance, etc.	1,945,392	2,895,539
Total current assets	111,117,545	110,420,473
Investments at cost, and other assets:		
Investments in and advances to non-consolidated subsidiaries and 50% owned companies (Note 1)	13,148,739	4,346,975
Other investments (current value at December 31, 1961—$4,106,292)	2,996,600	2,403,408
Notes and accounts receivable due after one year	5,984,955	3,417,800
	22,130,294	10,168,183
Fixed assets, at cost:		
Buildings and equipment	209,870,873	202,145,589
Less accumulated depreciation	127,495,332	118,934,863
	82,375,541	83,210,726
Standing timber and timberlands, less accumulated depletion	3,338,960	3,875,553
Land	6,690,076	6,567,600
Intangible assets, less amortization	671,868	693,965
	93,076,445	94,347,844
Deferred charges	508,100	506,916
	$226,832,384	$215,443,416

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, 1961 exceeds the carrying value of the Companies' investment therein by $718,000. The Companies' equity in the net income of these companies for 1961 amounted to $196,682, of which $150,683 was received as dividends during the year and taken into consolidated income.

NOTE 2. *Pension plans*

The Companies' contributions under their several trusteed pension plans amounted to $2,799,000 in 1961. The unfunded past service cost at December 31, 1961 was estimated at $13,300,000.

NOTE 3. *Inventories*

Inventories aggregating $5,301,590 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, 1961, $56,153,800 of consolidated earnings retained in the business was not available for cash dividends on common stock under these provisions. Interest on the notes is ¼ of 1% above the "prime rate" in effect at the beginning of each fiscal quarter and at December 31, 1961 was 4¾%.

NOTE 5. *Stock option plan*

In 1956, the Company adopted a restricted stock option plan under which 150,000 shares of the Company's unissued common stock were reserved for issuance and sale to officers and other key employees at prices not less than 95% of the market price at the time such options were granted. The options become exercisable to the extent of 20% annually on the anniversary of the grant and any part of an option unexercised at the end of seven years from the date of the grant expires. No further options can be granted under the plan. Transactions under the plan to December 31, 1961 were as follows:

	Shares
Options granted in prior years	150,000
Options terminated during 1961	(18,000)
Options granted during 1961 at $40.50 per share	7,000
	139,000
Options exercised:	
In prior years	3,750
In 1961 at $32.50 to $36.50 per share from:	
Unissued common stock	1,000
Treasury common stock	2,270 7,020
Options outstanding at December 31, 1961 (at prices ranging from $32.50 to $63.50, an average of $44.90 per share)	131,980

During 1961 26,500 shares became exercisable and 85,260 shares were exercisable at December 31, 1961.

NOTE 6. *Capital stock and capital in excess of par value*

During 1961 in addition to the 3,270 shares of common stock sold under the stock option plan, 21,017 shares from unissued common stock were sold at current market price to a private investor.

The increase of $735,674 in capital in excess of par value represents the excess of the proceeds for the above common stock sales over the par value and cost of the unissued and treasury shares sold.

NOTE 7. *Commitments*

The 1962 rentals on properties operated by the Companies under long-term leases will amount to approximately $1,440,000. In addition, the Companies are required to pay taxes, insurance, repairs and maintenance and alterations under certain of the leases.

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.

consolidated balance sheet

December 31, 1961 and 1960

(See accompanying notes)

liabilities

	1961	1960
Current liabilities:		
Federal income tax	$ 4,449,915	$ 5,767,173
Other accrued taxes	2,491,787	2,358,526
Accounts payable and accruals other than taxes	23,524,469	22,143,217
Advance payments received on contracts	6,117,750	6,428,569
Term debt due within one year	759,106	522,606
Total current liabilities	37,343,027	37,220,091
Term debt due after one year:		
First Mortgage Bonds, 3% Series, due October 1, 1964— semi-annual sinking fund requirements of $270,000 on September 28, 1962 and $488,750 thereafter through March 29, 1964	12,880,000	13,857,500
Notes payable to banks due October 1, 1964 (Note 4)	17,000,000	8,000,000
Liability for purchase of tank cars, $269,773 due annually, interest at 3%	877,314	1,147,087
Non-interest bearing obligations, $219,333 due annually	273,333	492,667
	31,030,647	23,497,254
Deferred compensation	657,910	573,189
Deferred income taxes principally on foreign earnings (Note 1)	1,525,890	1,235,216
Total liabilities	70,557,474	62,525,750

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 (Notes 5 and 6):		
Authorized 3,000,000 shares; issued 2,317,594 shares	23,175,940	22,955,770
Capital in excess of par value (Note 6)	49,771,399	49,035,725
Earnings retained in the business (Note 4)	69,271,030	67,744,622
	142,218,369	139,736,117
Less Common Stock held in treasury, at cost (21,342 shares at December 31, 1961)	943,459	1,818,451
Common stockholders' equity	141,274,910	137,917,666
Total preferred and common stockholders' equity	156,274,910	152,917,666
	$226,832,384	$215,443,416

board of directors

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

JOSEPH BECKER
Former Vice President
Koppers Company, Inc.

ROBERT H. MCCLINTIC
Chairman of the Board
Gordon Lubricating Company

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

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

FLETCHER L. BYROM
President
Koppers Company, Inc.

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

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

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

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

ROBERT S. OELMAN
Chairman and President
National Cash Register Company

ARTHUR B. VAN BUSKIRK
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, *General Manager*
Tar Products Division

HARRY B. CUMMINGS, *General Manager*
Metal Products Division

FRED DENIG,
International Division

H. A. DENNY, *General Manager*
Engineering and Construction Div.

DAVID L. EYNON, JR., *General Manager*
Plastics Division

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 E. SPEARS, *General Manager*
Gas and Coke Division

divisional and departmental vice presidents

PAUL W. BACHMAN, *Director*
Research and Development

JOHN M. CRIMMINS, *General Counsel*
Law Department

ROBERT T. EAKIN
Engineering and Construction Div.

J. A. HAGAN
Engineering and Construction Div.

JAMES F. HALEY, *Manager*
Traffic and Transportation Dept.

J. A. HARTZELL
Engineering and Construction Div.

J. D. JONES, *Manager*
Industrial Relations Department

NICHOLAS KAY
Metal Products Division

DONALD MACARTHUR
Washington Office

J. C. MACON, JR.
Tar Products Division

P. V. MARTIN
Engineering and Construction Div.

PAUL C. MCCONNAUGHEY
Gas and Coke Division

E. J. MCGEHEE
Wood Preserving Division

J. M. ORRIS
Engineering and Construction Div.

J. W. POOL, JR.
Plastics Division

CARL H. POTTENGER
Plastics Division

JOHN H. REDMOND
Tar Products Division

J. D. RICE, *Manager*
Procurement Department

FRED W. RYS
Engineering and Construction Div.

J. L. TUNSTEAD, *Manager*
Marketing Department

FRANK B. VARGA
International Division

JAMES M. VEEDER, *Manager*
Finance Department

RALPH WINSLOW
Public and Community Relations

other officers

JOHN M. CRIMMINS
Secretary

ROBERT R. HOLMES
Comptroller

E. B. SHUCK
Treasurer

fold out for financial statements