CALGON CARBON Corp
Form 10-K
February 26, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the fiscal year ended December 31, 2014

or

o Transition Report Pursuant to Section 12 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from to .

Commission file number 1-10776

Calgon Carbon Corporation

(Exact name of registrant as specified in its charter)

Delaware	**25-0530110**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3000 GSK Drive **Moon Township, Pennsylvania**	**15108**
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code: **(412) 787-6700**

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

Title of each class	**Name of each exchange on which registered**
Common Stock, par value $0.01 per share	New York Stock Exchange
Rights to Purchase Series A Junior Participating Preferred Stock (pursuant to Rights Agreement dated as of January 27, 2005)	New York Stock Exchange

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

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of February 5, 2015, there were outstanding 52,782,398 shares of Common Stock, par value of $0.01 per share.

The aggregate market value of the voting stock held by non-affiliates as of June 30, 2014 was $1,087,728,040.63. The closing price of the Company s common stock on June 30, 2014, as reported on the New York Stock Exchange was $22.33.

The following documents have been incorporated by reference:

Document	Form 10-K Part Number
Proxy Statement filed pursuant to Regulation 14A in connection with registrant s Annual Meeting of Shareholders to be held on May 5, 2015	III

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Forward-Looking Information Safe Harbor

This Annual Report contains historical information and forward-looking statements. Forward-looking statements typically contain words such as expect, believes, estimates, anticipates, or similar words indicating that future outcomes are uncertain. Statements looking forward in time, including statements regarding future growth and profitability, price increases, cost savings, broader product lines, enhanced competitive posture and acquisitions, are included in this Annual Report pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks and uncertainties that may cause Calgon Carbon Corporation s (the Company) actual results in future periods to be materially different from any future performance suggested herein. Further, the Company operates in an industry sector where securities values may be volatile and may be influenced by economic and other factors beyond the Company s control. Some of the factors that could affect future performance of the Company are changes in, or delays in the enactment of, regulations that cause a market for our products, costs of imports and related tariffs, changes in foreign currency exchange rates, higher energy and raw material costs, planned and unplanned shutdowns of one or more facilities, availability of capital and environmental requirements as they relate both to our operations and our customers, competitive technologies and businesses, global political and economic developments, potential failure to innovate, labor relations, the cyclical nature of our equipment segment, validity of patents and other intellectual property, potential goodwill impairment and pension costs. In the context of the forward-looking information provided in this Annual Report, please refer to the discussions of risk factors and other information detailed in, as well as the other information contained in this Annual Report. Any forward-looking statement speaks only as of the date on which such statement is made and the Company does not intend to correct or update any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by the Federal securities laws of the United States.

In reviewing any agreements incorporated by reference in this Form 10-K, please remember such agreements are included to provide information regarding the terms of such agreements and are not intended to provide any other factual or disclosure information about the Company. The agreements may contain representations and warranties by the Company, which should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties should those statements prove to be inaccurate. The representation and warranties were made only as of the date of the relevant agreement or such other date or dates as may be specified in such agreement and are subject to more recent developments. Accordingly, these representations and warranties alone may not describe the actual state of affairs as of the date they were made or at any other time.

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PART I

Item 1. Business:

The Company

Calgon Carbon Corporation (the Company) is a global leader in the manufacture, supply, reactivation, and application of activated carbons and the manufacture of ballast water treatment (BWT), ultraviolet (UV) light disinfection, and advanced ion-exchange (IX) technologies. These technologies are applied by customers around the world for the treatment of drinking water, wastewater, ballast water, air emissions, and a variety of industrial and commercial manufacturing processes.

The Company was organized as a Delaware corporation in 1967.

Products and Services

The Company offers a diverse range of products, services, and equipment specifically developed for the purification, separation, and concentration of liquids, gases, and other media through its three reportable business segments: Activated Carbon and Service, Equipment, and Consumer. The Activated Carbon and Service segment manufactures and markets granular and powdered activated carbon for use in more than 700 distinct market applications that remove organic compounds from water, air, and other liquids and gases. The Service aspect of this segment consists of carbon reactivation and the leasing, monitoring and maintenance of carbon adsorption equipment (explained below). The Equipment segment provides solutions to customers air, water and other liquid purification problems through the design, fabrication, installation and sale of equipment systems that utilize one or more of the Company s enabling technologies: carbon adsorption, UV light (for BWT, drinking water, and wastewater), and advanced IX technologies. The Consumer segment supplies activated carbon cloth for use in medical, military, and industrial applications.

For further information, refer to Note 19 to the consolidated financial statements in Item 8 of this Annual Report.

Activated Carbon and Service. The sale of activated carbon is the principal component of the Activated Carbon and Service business segment. The Company is the world s largest manufacturer of granular activated carbon products and sells more than 100 types of granular, powdered, and pelletized activated carbons made from coal, wood or coconut. Activated carbon is a porous material that removes organic compounds from liquids and gases by a process known as adsorption. In adsorption, undesirable organic molecules contained in a liquid or gas are attracted and bound to the surface of the pores of the activated carbon as the liquid or gas is passed through.

The primary raw material used in the production of the Company s activated carbons is bituminous coal, which is crushed, sized and then processed in rotary kilns followed by high temperature furnaces. This heating process is known as activation and develops the pore structure of the carbon. Through adjustments in the activation process, pores of the required size and number are developed for a particular purification application. The Company s technological expertise in adjusting the pore structure in the activation process has been one of a number of factors enabling the Company to develop many special types of activated carbon available in several particle sizes. The Company also markets activated carbons from other raw materials, including coconut shell and wood.

The Company produces and sells a broad range of activated, impregnated or acid washed carbons in granular, powdered or pellet form. Granular Activated Carbon (GAC) particles are irregular in shape and generally used in fixed filter beds for continuous flow purification processes. Powdered Activated Carbon (PAC) is carbon that has been pulverized into powder and is often used in batch purification processes, in municipal water treatment applications and for flue gas emissions control. Pelletized activated carbons are extruded particles, cylindrical in shape, and are typically used for gas phase applications due to the low pressure drop, high mechanical strength, and low dust content of the product.

Another important component of the Activated Carbon and Service business segment is the optional services that the Company makes available to purchasers of its products and systems. The Company offers a variety of treatment services for customers including carbon supply, equipment leasing, installation and demobilization, transportation, and spent carbon reactivation. Other services include feasibility testing, process design, performance monitoring, and major maintenance of Company-owned adsorption equipment.

Spent carbon reactivation and re-supply is a key focus of the Company s service business. In the reactivation process, the spent GAC is subjected to high temperature remanufacturing conditions that destroy the adsorbed organics and ensure that the activated

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carbon is returned to usable quality. The Company is permitted to handle and reactivate spent carbons containing hazardous and non-hazardous organic compounds.

The Company s custom reactivation process for U.S. municipal drinking water treatment plants is specially tailored to meet the unique demands of the drinking water industry. Activated carbon reactivation for use in drinking water treatment facilities in the United States must adhere to requirements of the American Water Works Association (AWWA) standard B605. Perhaps the most important requirement of this standard is the reactivator must return to the municipality/water provider its own activated carbon that has been reactivated. Unlike industrial activated carbon reactivation practiced by a number of carbon companies, where carbons from different customers can be co-mingled and reactivated as a pooled material, drinking water carbons are kept carefully segregated. This means that a drinking water provider s activated carbon is kept separate not only from industrial customers carbons, but from other drinking water providers carbons as well, to avoid any potential cross-contamination. The Company maintains the integrity of each drinking water provider s carbon, and its potable reactivation facilities and procedures strictly adhere to AWWA B605. The Company s Blue Lake, California, Columbus, Ohio, North Tonawanda, New York, and Gila Bend, Arizona plants have received certification from the National Sanitation Foundation International (NSF) under NSF/ANSI Standard 61: Drinking Water System Components - Health Effects for custom reactivated carbon for potable water applications. NSF International is an independent, not-for-profit organization committed to protecting and improving public health and the environment. Spent municipal potable carbons reactivated at the Columbus, North Tonawanda, and Gila Bend plants are certified per NSF/ANSI Standard 61 which is the nationally recognized measure to evaluate the health effects for components and materials that contact drinking water.

The Company s carbon reactivation is conducted at numerous locations throughout the world. Granular carbon reactivation is valuable to a customer for both environmental and economic reasons, allowing them to re-use carbon cost effectively without purchasing expensive new carbon and, at the same time, protecting natural resources. The Company provides reactivation/recycling services in packages ranging from a fifty-five gallon drum to truckload quantities.

Transportation services are offered via bulk activated carbon deliveries and spent carbon returns through the Company s private fleet of trailers, capable of transporting both hazardous and non-hazardous material. The Company will arrange transportation for smaller volumes of activated carbon in appropriate containers and small returnable equipment through a network of less-than-truckload carriers.

Sales for the Activated Carbon and Service segment were $498.2 million, $482.3 million, and $485.8 million for the years ended December 31, 2014, 2013, and 2012, respectively.

Equipment. Along with providing activated carbon products, the Company has developed a portfolio of standardized, pre-engineered, adsorption systems for both liquid and vapor applications which can be quickly delivered and easily installed at treatment sites. Liquid phase equipment systems are used for potable water treatment, process purification, wastewater treatment, groundwater remediation, and de-chlorination. Vapor phase equipment systems are used to control volatile organic compound (VOC) emissions, off gases from air strippers, and landfill gas production.

The proprietary ISEP® (Ionic Separator) and CSEP® (chromatographic separator) units are used for the purification, separation and recovery of many products in the food, pharmaceutical, mining, chemical, and biotechnology industries. The ISEP® and CSEP® Continuous Separator units perform ion exchange and chromatographic separations using countercurrent processing. The ISEP® and CSEP® systems are currently used at over 600 installations worldwide in more than 40 applications in industrial settings, as well as in selected environmental applications including perchlorate and nitrate removal from drinking water. The core technology of the ISEP® and CSEP® systems is the proprietary rotary distribution valve offered with a turntable for movement of media vessels. In addition, recent advances in rotary distribution valve design has enabled the

Company to offer ISEP®and CSEP® technology without a turntable by simulating the movement of media vessels, while keeping all the process and design advantages of the technology.

More than 30 years ago, a predecessor of the Company introduced an advanced UV oxidation process to remediate contaminated groundwater. In 1998, the Company s scientists invented a UV disinfection process that could be used to inactivate Cryptosporidium, Giardia and other similar pathogens in surface water, rendering them harmless to humans. The UV light alters the DNA of pathogens, killing them or making it impossible for the pathogens to reproduce and infect humans. In combination with hydrogen peroxide, UV light is effective in destroying many contaminants common in groundwater remediation applications. The Company is a leader in the marketplace for innovative UV technologies with the Sentinel® line designed to protect municipal drinking water supplies from pathogens, the C3 Series open-channel wastewater disinfection product line for municipal wastewater disinfection, and Rayox® UV advanced oxidation equipment for treatment of contaminants such as 1,4-Dioxane, MTBE, and Vinyl Chloride in groundwater, process water, and industrial wastewater.

UV oxidation equipment can also be combined with activated carbon to provide effective solutions for taste and odor removal in municipal drinking water and for water reuse. Backed by years of experience and extensive research and development, the Company

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can recommend the best solution for taste and odor problems, whether using activated carbon, UV oxidation, or both. The Company also offers a low cost, non-chemical solution utilizing activated carbon called Peroxcarb for quenching excess peroxide upon completion of the advanced oxidation processes.

In January 2010, the Company purchased Hyde Marine, Inc. (Hyde Marine). More than a decade ago, Hyde Marine began developing a combination filtration/UV disinfection solution to fight the spread of non-indigenous aquatic organisms. Invasion of non-native species via ballast water was described by authorities as one of the greatest threats to the world s waterways and marine environment.

The Hyde GUARDIAN® System was developed as an easy-to-use, cost-effective, and chemical-free ballast water management solution. The International Maritime Organization (IMO) type approved system meets the needs of ship owners committed to operating their vessels in a responsible, sustainable, and economic way through its proven reliability, flexible design, and low operating costs. The robust design includes an efficient, auto-backflushing filter, which removes sediment and larger plankton, and a powerful UV disinfection system that destroys or inactivates the smaller organisms and bacteria.

Sales for the Equipment segment were $45.3 million, $54.9 million, and $66.1 million for the years ended December 31, 2014, 2013, and 2012, respectively.

Consumer. The primary product offered in the Consumer segment is carbon cloth. Carbon cloth, which is activated carbon in cloth form, is manufactured in the United Kingdom and sold to the medical, military, and specialty markets. First developed in the 1970 s, activated carbon cloth was originally used in military clothing and masks to protect wearers against nuclear, biological and chemical agents. Today, Zorflex® activated carbon cloth can be used in numerous additional applications, including sensor protection, filters for ostomy bags, wound dressings, conservation of artifacts, and respiratory masks.

Sales for the Consumer segment were $11.6 million, $10.7 million, and $10.5 million for the years ended December 31, 2014, 2013, and 2012, respectively.

Markets

The Company participates in six primary markets: Potable Water, Industrial Process, Environmental Water, Environmental Air, Food, and Specialty Markets. Potable Water applications include municipal drinking water treatment as well as point of entry and point of use devices. Applications in the Industrial Process Market include catalysis, product recovery and purification of chemicals and pharmaceuticals, as well as process water treatment. The major sub markets for the two Environmental markets include wastewater treatment, groundwater remediation, ballast water treatment, VOC removal from vapors, and mercury control in flue gas streams. Food applications include brewing, bottling, and sweetener purification. Medical, personal protection (military and industrial), automotive, consumer, and precious metals applications comprise the Specialty Market.

Potable Water Market. The Company sells activated carbons, equipment, custom reactivation services, ion exchange technology, and UV technologies to municipalities for the treatment of potable water. The activated carbon adsorption technology is used to remove disinfection by-products precursors, pesticides and other dissolved organic material to meet or exceed current regulations and to remove tastes and odors to make the water acceptable to the public. The Company also sells to original equipment manufacturers (OEMs) of home water purification systems. Granular and powdered activated carbon products are sold in this market and in many cases the granular activated carbon functions both as the primary filtration media as well as an adsorption media to remove contaminants from the water. Ion exchange resins are sold in both fixed beds and continuous counter-current operations to meet strict regulatory guidelines for perchlorate in water. UV advanced oxidation systems are sold for the destruction of waterborne contaminants, and UV disinfection systems are sold for the inactivation of pathogens in surface water.

Industrial Process Market. In industrial processing, the Company s products are used either for purification, separation or concentration of customers products in the manufacturing process. The Company sells a wide range of activated carbons to the chemical, petroleum refining, and process industries for the purification of organic and inorganic chemicals, amine, soda ash, antibiotics, and vitamins. Activated carbon products and services are also used to decolorize chemicals such as hydrochloric acid. Further, activated carbon is used in treatment of natural gas, biogas and other high purity gases to remove unwanted contamination. The liquefied natural gas industry uses activated carbons to remove mercury compounds that would otherwise corrode process equipment. Activated carbons are also sold for gasoline vapor recovery equipment. The Company s advanced ion exchange technology is used for a variety of industrial processes including separation and recovery in hydrometallurgy applications, decolorization in pulp and paper, the production of organic and inorganic chemicals, and the purification of brine.

Environmental Water and Air Markets. The Company offers its products and services to assist private industries in meeting the stringent environmental requirements imposed by various government entities. Products used for wastewater and ballast water

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treatment, the cleanup of contaminated groundwater, surface impoundments, and accidental spills comprise a significant need in this market. The Company provides products and services employing both activated carbon adsorption and UV technologies for emergency and temporary cleanup services as well as for permanent installations.

The Company s reactivation/recycle service is an especially important element if the customer has contaminants that are hazardous organic chemicals. Reactivation protects the environment and eliminates the customers expense and difficulty in securing disposal options (such as landfills) for hazardous organic chemicals.

Activated carbon is also used in the chemical, pharmaceutical, and refining industries for purification of air discharge to remove contaminants such as benzene, toluene, and other volatile organics. In addition, reduction of mercury emissions from coal-fired power plants is a significant market for the Company. As a response to this market opportunity, the Company has made significant investments at its Catlettsburg, Kentucky plant, which included enhancements to one of its production lines and pulverization equipment to produce FLUEPAC® powdered activated carbons to serve the needs of coal-fired power plants.

The Company s Rayox® UV System is an industry staple for the destruction of groundwater pollutants such as 1,4-dioxane, MTBE and vinyl chlorate. Rayox® is also used for the removal of alcohol, phenol and acetone in process water and total organic compound (TOC) reduction in wastewater treatment.

The Hyde Marine ballast water treatment system is a fully automated system that can be integrated into a ship s ballast control system. The compact design can be skid mounted for new construction or can be made modular for easy installation in crowded machinery spaces on existing vessels. The Hyde GUARDIAN® and Hyde GUARDIAN Gold Systems are complete ballast water management solutions for a variety of vessels including cruise ships, cargo and container ships, offshore supply vessels, and military vessels.

Food Market. Sweetener manufacturers are the principal purchasers of the Company s products in the food industry. The Company s specialty acid-washed activated carbon products are used in the purification of dextrose and high fructose corn syrup. Activated carbons are also sold for use in the purification of cane sugar. Other food processing applications include de-colorization and purification of many different foods and beverages and for purifying water, liquids and gases prior to usage in brewing and bottling. Continuous ion-exchange systems are also used in this market for the production of lysine and vitamin E as well as purification of dextrose, high fructose corn syrup and sugar cane.

Specialty Market. The Company is a major supplier of specialty activated carbons to manufacturers of gas masks for the United States and European military as well as protective respirators and collective filters for first responders and private industry. The markets for collective filters for U.S. and European military equipment, indoor air quality, and air containment in incineration and nuclear applications are also serviced.

Additional industries using activated carbons include precious metals producers to recover gold and silver from low-grade ore. The Company s activated carbon cloth product is used in medical and other specialty applications.

Sales and Marketing

In the United States, the Company operates primarily through a direct sales force. In some markets and technologies, the Company also sells through agents and distributors. In Canada and in Latin America, the Company maintains offices in Markham, Ontario; Sao Paulo, Brazil; and Mexico City, Mexico and sells primarily through agent/distributor relationships.

In the Asia Pacific Region, the Company maintains offices in Singapore; Tokyo, Japan; Osaka, Japan; Suzhou, China; Hong Kong; and Taipei, Taiwan, and uses direct sales as well as agents and distributors to manage sales.

In Europe, the Company has sales offices in Feluy, Belgium; Ashton-in-Makerfield, United Kingdom; Houghton le-Spring, United Kingdom; Beverungen, Germany; and Gothenburg, Sweden, and operates through a direct sales force. The Company also has a network of agents and distributors that conduct sales in certain countries in Europe, the Middle East, and Africa.

All offices can play a role in sales of products or services from any of the Company s segments. Geographic sales information can be found in Note 19 to the consolidated financial statements in Item 8 of this Annual Report. Also refer to Risk Factors in Item 1A.

Over the past three years, no single customer accounted for more than 10% of the total sales of the Company in any year.

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Backlog

The Company had a sales backlog of $18.3 million and $22.3 million as of January 31, 2015 and 2014, respectively, in the Equipment segment. The $4.0 million decrease was a result of several large contracts that were completed during the prior year that more than offset new contracts. The Company expects to carry approximately $3.9 million of the 2015 backlog into 2016 and $0.2 million into 2017.

Competition

With respect to the production and sale of activated carbon related products, the Company has a major global presence, and has several competitors in the worldwide market. Norit, a subsidiary of Cabot Corporation, Mead/Westvaco Corporation, a United States company and Evoqua Water Technologies (formerly Siemens Water Technologies), a United States company, are the primary competitors. Chinese producers of coal-based activated carbon and certain East Asian producers of coconut-based activated carbon participate in the market on a worldwide basis and sell principally through numerous resellers. Competition in activated carbons, carbon equipment and services is based on quality, performance, and price. Other sources of competition for the Company s activated carbon services and systems are alternative technologies for purification, filtration, and extraction processes that do not employ activated carbons.

A number of other smaller competitors engage in the production and sale of activated carbons in local markets, but do not compete with the Company on a global basis. These companies compete with the Company in the sale of specific types of activated carbons, but do not generally compete with a broad range of products in the worldwide activated carbon business. For example, ADA Carbon Solutions, owned by Energy Capital Partners, competes with the Company in the America s market for the removal of mercury from coal-fired power plant flue gas.

The Company competes with several small regional companies for the sale of its reactivation services and carbon equipment in the United States, Europe, Japan, and China.

The Company s UV technologies product line has primary competition from Trojan Technologies, Inc., a Canadian company owned by Danaher Corporation, a United States company, and Xylem Inc, headquartered in White Plains, N.Y., a United States company.

Hyde Marine s ballast water treatment competition utilizing UV and filtration includes Panasia of Busan, Korea, Alfa Lavel of Sweden and Optimarin of Norway. As of December 31, 2014, there are 23 IMO Type Approved treatment systems that utilize UV.

Raw Materials

The principal raw material purchased by the Company for its Activated Carbon and Service segment is bituminous coal from mines primarily in the United States purchased under long-term and annual supply contracts, as well as spot purchases.

The Company purchases natural gas from various suppliers for use in its Activated Carbon and Service segment production facilities. In both the United States and Europe, substantially all natural gas is purchased pursuant to various annual and multi-year contracts with natural gas companies.

The Company buys various metals, acids and other additives that are used within the activated carbon production process to enhance the performance of certain products. These materials are bought under multi-year and annual contracts, as well as on a spot basis.

The purchase of key equipment components and fabrications are coordinated through agreements with various suppliers for Hyde Marine, UV and the carbon equipment markets.

The Company does not presently anticipate any significant problems in obtaining adequate supplies of its raw materials or equipment components.

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Research and Development

The Company s primary research and development (R&D) activities are conducted at a research center in Pittsburgh, Pennsylvania with additional facilities in the United Kingdom and Japan. The Pittsburgh facility is used for the evaluation of experimental activated carbon and equipment and application development. Experimental systems are also designed and evaluated at this location.

The principal goals of the R&D s research program are to improve the Company s position as a technological leader in solving customers problems with its products, services and equipment; develop new products and services; and provide technical support to customers and operations of the Company.

Research programs include new and improved methods for manufacturing and utilizing new and enhanced activated carbons such as the commercial sales of numerous products for mercury removal from flue gas, including a proprietary third generation sulfur tolerant carbon with commercial sales.

The UV Technologies (UVT) Division performs R&D to continuously advance the application of UV technologies to pathogens as well as new and emerging contaminants. Additionally, UVT R&D is devoted to continual product advancement for reduction of life cycle cost to the customer and to ensure compliance with U.S. and international regulations. This includes R&D work on Advanced Oxidation for treatment of taste and odor compounds (MIB and Geosmin), nitrosamines, pesticide/herbicides and pharmaceutical/personal care products.

For ballast water treatment, Hyde Marine has active R&D for continued ballast treatment efficacy testing in multiple marine environments and new product development to extend the range, usability and end application. As two examples, the Hyde GUARDIAN® has achieved IECEx Certification from the registrar Det Norske Veritas (DNV) for installation in hazardous areas and the addition of multiple filters to its IMO type approval.

Research and development expenses were $6.4 million, $6.0 million, and $8.0 million for the years ended December 31, 2014, 2013, and 2012, respectively.

Patents and Trade Secrets

The Company possesses a substantial body of technical knowledge and trade secrets and owns 73 United States patent applications and/or patents as well as 217 patent applications and/or patents in other countries. The issued United States and foreign patents expire in various years from 2015 through 2031.

The technology embodied in these patents, trade secrets, and technical knowledge applies to all phases of the Company s business including production processes, product formulations, and application engineering. The Company considers this body of technology important to the conduct of its business.

Regulatory Matters

The Company is subject to various environmental health and safety laws and regulations of a nature considered normal to its business. It is the Company s policy to accrue for amounts related to these matters when it is probable that a liability has been incurred and the loss amount is reasonably estimable. Refer to Note 17 to the consolidated financial statements in Item 8 of this Annual Report, which is incorporated herein by reference, for further details.

Employee Relations

As of December 31, 2014, the Company employed 1,096 persons on a full-time basis, 787 of whom were salaried and non-union hourly production, office, supervisory and sales personnel. The United Steelworkers represent 249 hourly personnel in the United States. The current contracts with the United Steelworkers expire on July 31, 2018, at the Pittsburgh, Pennsylvania facility, February 10, 2016 at the Columbus, Ohio facility and June 9, 2017 at the Company s Catlettsburg, Kentucky facility. The 60 hourly personnel at the Company s Belgian facility are represented by two national labor organizations with contracts that expired on December 31, 2014 and are in the process of being renegotiated. The Company also has hourly employees at three non-union United Kingdom facilities, six non-union United States facilities one each located in Arizona, California, Mississippi, and New York and two in Pennsylvania, as well as at two non-union China facilities.

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Copies of Reports

The periodic and current reports of the Company filed with the SEC pursuant to Section 13(a) of the Securities Exchange Act of 1934 are available free of charge, as soon as reasonably practicable after the same are filed with or furnished to the SEC, at the Company s website at www.calgoncarbon.com. All other filings with the SEC are available on the SEC s website at www.sec.gov.

Copies of Corporate Governance Documents

The following Company corporate governance documents are available free of charge at the Company s website at www.calgoncarbon.com and such information is available in print to any shareholder who requests it by contacting the Secretary of the Company at 3000 GSK Drive, Moon Township, PA 15108.

- Corporate Governance Guidelines
- Audit Committee Charter
- Compensation Committee Charter
- Governance Committee Charter
- Code of Business Conduct and Ethics
- Code of Ethical Business Conduct Supplement for Chief Executive and Senior Financial Officers
- Director Orientation and Continuing Education Policy

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Item 1A. Risk Factors:

Risks relating to our business

Delays in enactment of new state or federal regulations could restrict our ability to reach our strategic growth targets and lower our return on invested capital.

Our strategic growth initiatives are reliant upon more restrictive environmental regulations being enacted for the purpose of making water and air cleaner and safer. Examples include regulation of mercury emissions, drinking water disinfection by-products, and ship ballast water. If stricter regulations are delayed or are not enacted or enacted but subsequently repealed or amended to be less strict, or enacted with prolonged phase-in periods, our sales growth targets could be adversely affected and our return on invested capital could be reduced.

For example, on December 16, 2011, the EPA published the Mercury and Air Toxic Standard. The final rule has a three year compliance schedule for most power plants. Litigation is pending which could defer implementation of mercury reduction regulation for years or indefinitely. Specifically, in November 2014 the U.S. Supreme Court agreed to review the rule. Oral argument is scheduled for March 2015 and a decision is expected in June 2015. The EPA could also grant extensions which could defer implementation of the regulations. The Company is unable to predict with certainty when and how the outcome of these complex legal, regulatory and legislative proceedings will affect demand for its products.

Also, the Hyde GUARDIAN® ballast water treatment system developed and sold by our Hyde Marine, Inc. subsidiary received type approval from the International Maritime Organization (IMO) in April 2009. However, the IMO Ballast Water Management Convention, which would mandate the use of IMO approved ballast water treatment systems for ships in international traffic, has yet to be ratified. Similarly, the United States Coast Guard (USCG) has published regulations for the regulation of ballast water in U.S waters. The Company and other ballast water treatment system manufacturers have received Alternate Management System designation from the USCG but this is a temporary designation. The USCG has not yet approved any ballast water treatment system, including the Hyde GUARDIAN® ballast water treatment system, under its new regulations. Any delay in the implementation of the USCG regulations could have an adverse affect on the Company s anticipated growth.

Increases in U.S. and European imports of Chinese or other foreign manufactured activated carbon could have an adverse effect on our financial results.

We face pressure and competition in our U.S. and European markets from brokers of low cost imported activated carbon products, primarily from China. We believe we offer the market technically superior products and related customer support. However, in some applications, low cost imports have become accepted as viable alternatives to our products because they have been frequently sold at less than fair value in the market. If the markets in which we compete experience an increase in these imported low cost carbons, especially if sold at less than fair value, we could see declines in net sales. In addition, the sales of these low cost activated carbons may make it more difficult for us to pass through raw material price increases to our customers.

In response to a petition from the U.S. activated carbon industry filed in March 2006, the United States Department of Commerce (DOC) announced the imposition of anti-dumping duties starting in October 2006. The DOC announcement was based on extensive economic analysis of the operations and pricing practices of the Chinese producers and exporters. The DOC announcement required U.S. Customs and Border Protection to require importers of steam activated carbon from China to post a provisional bond or cash deposit in the amount of the duties. The anti-dumping duties are intended to offset the amount by which the steam activated carbon from China is sold at less than fair value in the U.S.

Annual reviews of duties occur in April of the year following the twelve month period then completed. The significant anti-dumping duties originally imposed by the DOC, and the affirmative decision by the International Trade Commission (ITC), has had an adverse impact on the cost of Chinese manufactured activated carbon imported into the U.S. However, the anti-dumping duties could be further reduced or eliminated in the future which could adversely affect demand or pricing of our product.

We have operations in multiple foreign countries and, as a result, are subject to foreign exchange translation risk, which could have an adverse effect on our financial results.

We conduct significant business operations in several foreign countries. Of our 2014 net sales, approximately 53% were sales to customers outside of the United States, and 2014 net sales denominated in non-U.S. dollars represented approximately 48% of our overall net sales. We conduct business in the local currencies of each of our foreign subsidiaries or affiliates. Those local currencies are then translated into U.S. dollars at the applicable exchange rates for inclusion in our consolidated financial statements. The exchange rates between some of these currencies and the U.S. dollar in recent years have fluctuated significantly and may continue to

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do so in the future. Changes in exchange rates, particularly the strengthening of the U.S. dollar, could significantly reduce our sales and profitability from foreign subsidiaries or affiliates from one period to the next as local currency amounts are translated into fewer U.S. dollars.

Our European and Japanese activated carbon businesses are sourced from both the United States and China, which subjects these businesses to foreign exchange transaction risk.

Our virgin activated carbon is produced primarily in the United States. We also source significant quantities of activated carbon in China. Produced and sourced activated carbons are provisioned to all of our global operations. Sales of these carbons are typically denominated in U.S. dollars yet are ultimately sold in other currencies thereby creating foreign currency exchange transaction risk. We generally execute foreign currency derivative contracts of not more than eighteen months in duration to cover a portion of our known or projected foreign currency exposure. However, those contracts do not protect us from longer-term trends of a strengthening U.S. dollar, which could significantly increase our cost of activated carbon delivered to our European and Japanese markets, and we may not be able to offset these costs by increasing our prices.

Our financial results could be adversely affected by an interruption of supply or an increase in coal prices.

We use bituminous coal as the main raw material in our activated carbon production process. Based upon our current projected usage and price, we estimate that our 2015 coal costs in the United States will be approximately $26.9 million excluding the cost of transportation to our carbon manufacturing facilities. We have various annual and multi-year contracts in place for the supply of our coal that expire at various intervals from 2015 to 2018 and cover approximately 86% of our expected 2015 tonnage. Interruptions in coal supply caused by mine accidents, labor disputes, transportation delays, breach of supplier contractual obligations, floods or other events for other than a temporary period could have an adverse effect on our ability to meet customer demand. We use very specific high quality metallurgical coals for many of our products. Our inability to obtain these high-quality coals at competitive prices in a timely manner due to changing market conditions with limited high-quality suppliers could also have an adverse affect on our financial results. In addition, increases in the prices we pay for coal under our supply contracts could adversely affect our financial results by significantly increasing production costs. Based upon the current estimated usage and price of coal in 2015, a hypothetical 10% increase in the price of coal, excluding transportation costs, that is not covered by our supply contracts, would result in $0.5 million of additional pre-tax expense to us. We may not be able to pass through raw material price increases to our customers.

A planned or unplanned shutdown at one of our production facilities could have an adverse effect on our financial results.

We operate multiple facilities and source product from strategic partners who operate facilities which are close to water or in areas susceptible to floods, hurricanes, and earthquakes. An unplanned shutdown at any of our or our strategic partners facilities for more than a temporary period as a result of a hurricane, typhoon, earthquake, flood or other natural disaster, or as a result of fire, explosions, war, terrorist activities, political conflict or other hostilities, or as a result of unforeseen mechanical problems, could significantly affect our ability to meet our demand requirements, thereby resulting in lost sales and profitability in the short-term or eventual loss of customers in the long-term. In addition, a prolonged planned shutdown of any of our production facilities due to a change in the business conditions could result in impairment charges that could have an adverse impact on our financial results.

Our required capital expenditures may exceed estimates.

Our capital expenditures were $63.5 million in 2014 and are forecasted to be approximately $80.0 million to $85.0 million in 2015. Future capital expenditures may be significantly higher and may vary substantially if we are required to undertake certain actions to comply with new regulatory requirements or compete with new technologies. We may not have the capital to undertake the capital investments. If we are unable to do so, we may not be able to effectively compete.

Significant stockholders or potential stockholders may attempt to effect changes at the Company or acquire control over the Company, which could adversely affect the Company s results of operations and financial condition.

Stockholders of the Company may from time to time engage in proxy solicitations, advance stockholder proposals or otherwise attempt to effect changes or acquire control over the Company. Campaigns by stockholders to effect changes at publicly traded companies are sometimes led by investors seeking to increase short-term stockholder value through actions such as financial restructuring, increased debt, special dividends, stock repurchases or sales of assets or the entire company. Responding to proxy contests and other actions by activist shareholders can be costly and time-consuming, disrupting the Company s operations and diverting the attention of the Company s Board of Directors and senior management from the pursuit of business strategies. As a result, stockholder campaigns could adversely affect the Company s results of operations and financial condition.

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Encroachment into our markets by competitive technologies could adversely affect our financial results.

Activated carbon is utilized in various applications as a cost-effective solution to solve customer problems. If other competitive technologies, such as membranes, ozone and UV, are advanced to the stage in which such technologies could cost effectively compete with activated carbon technologies, we could experience a decline in net sales, which could adversely affect our financial results.

Our industry is highly competitive. If we are unable to compete effectively with competitors having greater resources than we do, our financial results could be adversely affected.

Our activated carbon and service business faces significant competition principally from Cabot Norit, Mead/Westvaco Corporation and Evoqua Water Technologies, as well as from Chinese and European activated carbon producers and East Asian producers of coconut-based activated carbon. Our UV technology products face significant competition principally from Trojan Technologies, Inc., which is owned by Danaher Corporation, and Xylem. Our competitors include major manufacturers and diversified companies, a number of which have revenues and capital resources exceeding ours, which they may use to develop more advanced or more cost-effective technologies, increase market share or leverage their distribution networks. We could experience reduced net sales as a result of having fewer resources than these competitors.

Our international operations are subject to political and economic risks for conducting business in corrupt environments.

We conduct business in developing countries, and we are focusing on increasing our sales in regions such as South America, Southeast Asia, India and the Middle East, which are less developed, have less stability in legal systems and financial markets, and are generally recognized as potentially more corrupt business environments than the United States and therefore, present greater political, economic and operational risks. We emphasize compliance with the law and have policies in place, procedures and certain ongoing training of employees with regard to business ethics and key legal requirements such as the U.S. Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act (UKBA) and all applicable export control laws and regulations of the United States and other countries (the Export Regulations); however, there can be no assurances that our employees will adhere to our code of business conduct, other Company policies, the FCPA, the UKBA or the Export Regulations. If we fail to enforce our policies and procedures properly or maintain internal accounting practices to accurately record our international transactions or if we violate any of these laws or regulations, we may be subject to severe criminal or civil sanctions and penalties, including fines, debarment from export privileges and loss of authorizations needed to conduct aspects of our international business. We could incur significant costs for investigation, litigation, fees, settlements and judgments which, in turn, could negatively affect our business, financial condition and results of operations.

Failure to innovate new products or applications could adversely affect our ability to meet our strategic growth targets.

Part of our strategic growth and profitability plans involve the development of new products or new applications for our current products in order to replace more mature products or markets that have seen increased competition. If we are unable to develop new products or applications, our financial results could be adversely affected.

Our inability to successfully negotiate new collective bargaining agreements upon expiration of the existing agreements could have an adverse effect on our financial results.

We have collective bargaining agreements in place at four production facilities covering approximately 28% of our full-time workforce as of December 31, 2014. Those collective bargaining agreements expire through 2018, with two having expired on December 31, 2014 that we continue to negotiate. Any work stoppages as a result of disagreements with any of the labor unions or our failure to renegotiate any of the contracts as they expire could disrupt production and significantly increase product costs as a result of less efficient operations caused by the resulting need to rely on temporary labor.

Our business is subject to a number of global economic risks.

Financial markets in the United States, Europe, and Asia continue to experience disruption, including, among other things, volatility in security prices, diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. Governments have taken actions intending to address these market conditions that include restricted credit and declines in values of certain assets.

An economic downturn in the businesses or geographic areas in which we sell our products could reduce demand for our products and result in a decrease in sales volume that could have a negative impact on our results of operations. Continued volatility and disruption of financial markets in the United States, Europe and Asia could limit our customers ability to obtain adequate financing or

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credit to purchase our products or to maintain operations, and result in a decrease in sales volumes that could have a negative impact on our results of operations.

Our international operations expose us to political and economic uncertainties and risks from abroad, which could negatively affect our results of operations.

We have manufacturing facilities and sales offices in Europe, China, Hong Kong, Japan, Taiwan, Singapore, Brazil, Mexico, Canada, and the United Kingdom which are subject to economic conditions and political factors within the respective countries which, if changed in a manner adverse to us, could negatively affect our results of operations and cash flow. Political risk factors include, but are not limited to, taxation, nationalization, inflation, currency fluctuations, foreign exchange restrictions, increased regulation and quotas, tariffs and other protectionist measures. Approximately 76% of our sales in 2014 were generated by products sold in the U.S., Canada, and Western Europe while the remaining sales were generated in other areas of the world, such as Asia, Eastern Europe, and Latin America.

Environmental compliance and remediation and potential climate change could result in substantially increased capital requirements and operating costs.

Our production facilities are subject to environmental laws and regulations in the jurisdictions in which they operate or maintain properties. Costs may be incurred in complying with such laws and regulations. Each of our domestic production facilities require permits and licenses issued by local, state and federal regulators which regulate air emissions, water discharges, and solid waste handling. These permits are subject to renewal and, in some circumstances, revocation. International environmental requirements vary and could have substantially lesser requirements that may give competitors a competitive advantage. Additional costs may be incurred if environmental remediation measures are required. In addition, the discovery of contamination at any of our current or former sites or at locations at which we dispose of waste may expose us to cleanup obligations and other damages. In addition, there is currently vigorous debate over the effect of CO^2 gas releases and the effect on climate change. Many of our activities create CO^2 gases. Should legislation or regulation be enacted, it could have a material adverse effect upon our ability to expand our operations or perhaps continue to operate as we currently do.

Our financial results could be adversely affected by shortages in energy supply or increases in energy costs outside the United States.

The price for and availability of energy resources could be volatile as it is affected by political and economic conditions that are outside our control. We utilize natural gas as a key component in our activated carbon reactivation manufacturing process at each of our major facilities outside the United States. If shortages of, or restrictions on the delivery of natural gas occur, production at our non-domestic activated carbon reactivation facilities would be reduced, which could result in missed deliveries or lost sales. We also have exposure to fluctuations in energy costs as they relate to the transportation and distribution of our products. We may not be able to pass through natural gas and other fuel price increases to our customers.

Our business includes capital equipment sales which could have fluctuations due to the cyclical nature of that type of business.

Our Equipment segment represented approximately 8% of our 2014 net sales. This business generally has a long project life cycle from bid solicitation to project completion and often requires customers to make large capital commitments well in advance of project execution. In addition, this business is usually affected by the general health of the overall economy. As a result, sales and earnings from the Equipment segment could be volatile.

Our products could infringe the intellectual property rights of others, which may cause us to pay unexpected litigation costs or damages or prevent us from selling our products.

Although it is our intention to avoid infringing or otherwise violating the intellectual property rights of others, our products may infringe or otherwise violate the intellectual property rights of others. We may be subject to legal proceedings and claims, including claims of alleged infringement by us of the patents and other intellectual property rights of third parties. Intellectual property litigation is expensive and time-consuming, regardless of the merits of any claim.

If we were to discover or be notified that our products potentially infringe or otherwise violate the intellectual property rights of others, we may need to obtain licenses from these parties or substantially re-engineer our products in order to avoid infringement. We might not be able to obtain the necessary licenses on acceptable terms, or at all, or be able to re-engineer our products successfully. Moreover, if we are sued for infringement and lose the suit, we could be required to pay substantial damages and/or be enjoined from using or selling the infringing products. Any of the foregoing could cause us to incur significant costs and prevent us from selling our products.

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Declines in the operating performance of one of our business segments could result in an impairment of the segment s goodwill.

As of December 31, 2014, we had consolidated goodwill of approximately $26.2 million recorded in our business segments, primarily from our Activated Carbon and Service and Equipment segments. We test our goodwill on an annual basis or when an indication of possible impairment exists in order to determine whether the carrying value of our assets is still supported by the fair value of the underlying business. To the extent that it is not, we are required to record an impairment charge to reduce the asset to fair value. A decline in the operating performance of any of our business segments could result in a goodwill impairment charge which could have a material effect on our financial results.

Our pension plans are currently underfunded, and we could be subject to increases in pension contributions to our defined benefit pension plans, thereby restricting our cash flow.

We sponsor various pension plans in the United States and Europe that are underfunded and require significant cash payments. We contributed $1.5 million and $2.8 million to our U.S. pension plans and $2.0 million and $1.9 million to our European pension plans in 2014 and 2013, respectively. We currently expect to contribute approximately $1.9 million to our European pension plans to meet minimum funding requirements, in accordance with our funding policy, while no funding is required for our U.S. pension plans in 2015. An economic downturn would negatively impact the fair value of our pension assets which could result in increased funding requirements of our pension plans. If our cash flow from operations is insufficient to fund our worldwide pension liability, we may be forced to reduce or delay capital expenditures or seek additional capital.

The funding status of our pension plans is determined using many assumptions, such as inflation, investment rates, mortality, turnover and interest rates, any of which could prove to be different than projected. If the performance of the assets in our pension plans does not meet our expectations, or if other actuarial assumptions are modified, or not realized, we may be required to contribute more to our pension plans than we currently expect. For example, an approximate 25-basis point decline in the funding target interest rate under Section 430 of the Internal Revenue Code, as added by the Pension Protection Act of 2006 for minimum funding requirements, would increase our minimum required funding policy contributions to our U.S. pension plans by approximately $0.5 million to $1.5 million over the next three fiscal years. This amount reflects the provisions of Moving Ahead for Progress in the 21st Century Act (MAP-21) and the Highway and Transportation Funding Act of 2014 (HAFTA), both of which affect pension plan funding.

Our pension plans in the aggregate are underfunded by approximately $31 million as of December 31, 2014 (based on the actuarial assumptions used for Accounting Standards Codification (ASC) 715 Compensation Retirement Benefits, purposes and comparing our projected benefit obligation to the fair value of plan assets) and required a certain level of mandatory contributions as prescribed by law. Our U.S. pension plans, which were underfunded by approximately $19 million as of December 31, 2014, are subject to ERISA. In the event our U.S. pension plans are terminated for any reason while the plans are less than fully funded, we will incur a liability to the Pension Benefit Guaranty Corporation that may be equal to the entire amount of the underfunding at the time of the termination. In addition, changes in required pension funding rules that were affected by the enactment of the Pension Protection Act of 2006 have significantly increased our funding requirements, which could have an adverse effect on our cash flow and require us to reduce or delay our capital expenditures or seek additional capital. Refer to Note 10 to the consolidated financial statements in Item 8 of this Annual Report.

Our certificate of incorporation and bylaws and Delaware law contain provisions that may delay or prevent an otherwise beneficial takeover attempt of our Company.

Certain provisions of our certificate of incorporation and bylaws and Delaware law could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders. These include provisions:

- providing for a board of directors with staggered, three-year terms;
- requiring super-majority voting to affect certain amendments to our certificate of incorporation and bylaws;
- limiting the persons who may call special stockholders meetings;
- limiting stockholder action by written consent;
- establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholders meetings; and
- allowing our board of directors to issue shares of preferred stock without stockholder approval.

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These provisions, alone or in combination with each other, may discourage transactions involving actual or potential changes of control, including transactions that otherwise could involve payment of a premium over prevailing market prices to holders of our common stock, or could limit the ability of our stockholders to approve transactions that they may deem to be in their best interest.

The security of our information technology systems could be compromised, which could adversely affect our ability to operate.

Increased global information technology security requirements, threats and sophisticated and targeted computer crime pose a risk to the security of our systems, networks and the confidentiality, availability and integrity of our data. Despite our efforts to protect sensitive information and confidential and personal data, our facilities and systems may be vulnerable to security breaches. This could lead to negative publicity, theft, modification or destruction of proprietary information or key information, manufacture of defective products, production downtimes and operational disruptions, which could adversely affect our reputation, competitiveness and results of operations.

Item 1B. Unresolved Staff Comments:

None

Item 2. Properties:

The Company owns twelve production facilities, two of which are located in Pittsburgh, Pennsylvania; and one each in the following locations: Catlettsburg, Kentucky; Pearlington, Mississippi; Blue Lake, California; Columbus, Ohio; Feluy, Belgium; Grays, United Kingdom; Suzhou, China; Tipton, United Kingdom; Fukui, Fukui Prefecture, Japan and Gila Bend, Arizona. The Company leases two production facilities in Findlay Township, Pennsylvania and one production facility in each of the following locations: Houghton le-Spring, United Kingdom; Ashton-in-Makerfield, United Kingdom; Tianjin, China and North Tonawanda, New York. The Company owns two warehouses, one of which is in Pittsburgh, Pennsylvania and the other is in Feluy, Belgium. The Company also leases 72 warehouses, service centers, and sales office facilities. Of these, thirty-three are located in the United States, twenty-two are in Japan, two in each of Sweden, Singapore, Denmark and Brazil and one in Canada, United Kingdom, Germany, Taiwan, France, Hong Kong, Mexico, China and Thailand. Six of the United States facilities are located in the Pittsburgh, Pennsylvania area and one each in the following locations: Downingtown, Pennsylvania; Rutland, Massachusetts; Joliet, Illinois; Santa Fe Springs, California; Marlton, New Jersey; Stockton, California; Tempe, Arizona; Kenova, West Virginia; Commerce, California; Schenley, Pennsylvania; South Point, Ohio; Muncy, Pennsylvania; Steubenville, Ohio; Pedro, Ohio; Troutdale, Oregon; Pearlington, Mississippi; Sulphur, Louisiana;, Wilmington, Delaware, and Phoenix, Arizona as well as three in each Houston, Texas and Huntington, West Virginia and two in North Tonawanda, New York. In Japan, the Company leases twenty-two facilities, four in Chiba, three in Okayama, two in each of Osaka and Hyogo and one each in Tokyo, Shizuoka, Hokkaido, Kukuoka, Fukuoka, Fukui, Miyagi, Hiroshima, Ibaragi, Tochigi and Gifu.Two Swedish facilities are located in Gothenburg and Vallhamn. The facilities in Denmark are located in Kolding and Alvertslund. The Brazilian facilities are both located in Sao Paulo. The Canadian facility is located in St. Catherines, Ontario. The United Kingdom facility is located in Ashton-in-Makerfield. The facility in Germany is located in Beverungen. The Taiwan facility is located in Taipei. The facility in France is located in Paris. The facility in Mexico is in Baja, Mexico. The China facility is located in Tianjin. The Company s 20% owned joint venture, Calgon Carbon (Thailand) Co. Ltd., leases one facility in Nakornrachasima, Thailand.

The Catlettsburg, Kentucky plant is the Company s largest facility, with plant operations occupying approximately 50 acres of a 226-acre site. This plant, which serves the Activated Carbon and Service segment, produces granular and powdered activated carbons and acid washed granular activated carbons and reactivates spent granular activated carbons.

The Pittsburgh, Pennsylvania carbon production plant occupies a four-acre site and serves the Activated Carbon and Service segment. Operations at the plant include the reactivation of spent granular activated carbons, the impregnation of granular activated carbons and the grinding of granular activated carbons into powdered activated carbons. The plant also has the capacity to finish coal-based or coconut-based specialty activated carbons.

The Pearlington, Mississippi plant occupies a site of approximately 100 acres. The plant has one production line that produces granular and powdered activated carbons for the Activated Carbon and Service segment.

The Columbus, Ohio plant occupies approximately 27 acres. Operations at the plant include the reactivation of spent granular activated carbons, impregnation of activated carbon, crushing activated carbon to fine mesh, acid and water washing, filter-filling, and various other value added processes to granular activated carbon for the Activated Carbon and Service segment.

The Pittsburgh, Pennsylvania Equipment and Assembly plant is located on Neville Island and is situated within a 16-acre site that includes a 300,000 square foot building. The Equipment and Assembly plant occupies 85,000 square feet with the remaining space

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used as a centralized warehouse for carbon inventory. The plant, which serves both the Equipment and Activated Carbon and Service segments, manufactures and assembles fully engineered carbon equipment for purification, concentration and separation systems. This plant also serves as the East Coast staging and refurbishment point for carbon service equipment.

The Findlay Township, Pennsylvania Equipment plants consist of a 44,000 square foot production facility and a 16,691 square foot production facility located near Pittsburgh, Pennsylvania. The facilities are adjacent properties and the primary focus is the manufacture of UV, Ion Exchange (ISEP®) and Hyde GUARDIAN® equipment, including mechanical and electrical assembly, controls systems integration and validation testing of equipment. This location also serves as the Pilot Testing facility for Process Development, as well as the spare parts distribution center for UV, ISEP® and Hyde GUARDIAN® systems. This plant serves the Equipment segment.

The Gila Bend, Arizona facility occupies a 20 acre site. Operations at the plant include the reactivation of spent granular activated carbons for the Activated Carbon and Service segment.

In March 2014, the North Tonawanda, New York plant became operational and it consists of 12,500 square feet. The facility houses a dry feed system, screening tower, reactivation furnace, storage tanks, and packaging system and services customers for the Activated Carbon and Service segment.

The Blue Lake plant, located near the city of Eureka, California, occupies approximately two acres. The primary operation at the plant includes the reactivation of spent granular activated carbons for the Activated Carbon and Service segment. The plant is currently idled.

The Feluy plant occupies a site of approximately 38 acres located 30 miles south of Brussels, Belgium. Operations at the plant include both the reactivation of spent granular activated carbons and the grinding of granular activated carbons into powdered activated carbons for the Activated Carbon and Service segment.

The Grays plant occupies a three-acre site near London, United Kingdom. Operations at the plant include the reactivation of spent granular activated carbons for the Activated Carbon and Service segment.

The Ashton-in-Makerfield plant occupies a 1.6 acre site, 20 miles west of Manchester, United Kingdom. Operations at the plant include the impregnation of granular activated carbons for the Activated Carbon and Service segment. The plant also has the capacity to finish coal-based or coconut-based activated carbons.

The Houghton le-Spring plant, located near the city of Newcastle, United Kingdom, occupies approximately two acres. Operations at the plant include the manufacture of woven and knitted activated carbon textiles and their impregnation and lamination for the Consumer segment.

The Fukui, Fukui Prefecture, Japan plant, that serves the Activated Carbon and Service segment, occupies a site of approximately 6 acres and has two production lines for carbon reactivation.

The Tianjin, China plant occupies approximately 8 acres and is licensed to export activated carbon products. This plant finishes, sizes, tests, and packages activated carbon products for the Activated Carbon and Service segment for distribution both inside China and for export.

The Suzhou, China plant occupies approximately 11 acres and is licensed to export activated carbon products. This plant is a reactivation facility that serves the Activated Carbon and Service segment.

In October of 2011, the Company purchased a plant in which it will reactivate spent granular activated carbon to serve the Activated Carbon and Service segment in Tipton, Dudley, United Kingdom. The Company is currently making plant renovations and upgrades for reactivating spent granular activated carbon. The plant is not currently operational.

The Company believes that the plants and leased facilities are adequate and suitable for its current operating needs.

Item 3. Legal Proceedings:

The Company is involved in various legal proceedings, lawsuits and claims, including employment, product warranty and environmental matters of a nature considered normal to its business. It is the Company s policy to accrue for amounts related to

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the legal matters when it is probable that a liability has been incurred and the loss amount is reasonably estimable. Refer to Note 17 to the consolidated financial statements in Item 8 of this Annual Report, which is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant s Common Equity, Related Shareholder Matters, and Issuer Repurchases of Equity Securities:

Common Shares and Market Information

Common shares are traded on the New York Stock Exchange under the trading symbol CCC. There were 1,490 registered shareholders as of December 31, 2014.

Quarterly Common Stock Price Ranges and Dividends

	2014			2013		
Fiscal Quarter	**High**	**Low**	**Dividend**	**High**	**Low**	**Dividend**
First	**$ 22.00**	**$ 18.74**		$ 18.71	$ 14.20	
Second	**$ 23.05**	**$ 19.38**		$ 18.66	$ 16.21	
Third	**$ 23.13**	**$ 19.38**		$ 19.14	$ 16.67	
Fourth	**$ 22.06**	**$ 18.56**		$ 21.00	$ 18.62	

The Company did not declare or pay any dividends in 2014 and 2013. Dividend declaration and payout are at the discretion of the Board of Directors. Future dividends will depend on the Company s earnings, cash flows, and capital investment plans to pursue long-term growth opportunities.

The information appearing in Item 12 of Part III below regarding common stock issuable under the Company s equity compensation plan is incorporated herein by reference.

Shareholder Return Performance Graph

The following performance graph and related information shall not be deemed filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that the Company specifically incorporates it by reference into such filing.

The graph below compares the yearly change in cumulative total shareholder return of the Company s common stock with the cumulative total return of the Standard & Poor s (S&P s) 500 Stock Composite Index and a Peer Group. The Company believes that its core business consists of purifying air, water and other products. As such, the Company uses a comparative peer group benchmark. The companies included in the group are CLARCOR Inc., Donaldson Company, Inc., ESCO Technologies Inc., Lydall, Inc., and Pall Corporation.

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Comparison of Five-Year Cumulative Total Return*

Among Calgon Carbon s Common Stock, S&P 500 Composite Index, and Peer Group

Issuer Repurchases of Equity Securities

Period	(a) Total Number of Shares Purchased (1)	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Repurchase Plans or Programs (2)	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Plans or Programs
October 1 October 31, 2014	63	$ 19.29		$ 116,505,693
November 1 November 30, 2014	177,000	$ 21.14	177,000	$ 112,764,247
December 1 December 31, 2014	268,700	$ 20.40	268,700	$ 107,284,080

(1) Includes 63 shares surrendered to the Company by employees to satisfy tax withholding obligations on restricted share awards issued under the Company s Equity Incentive Plan. Future purchases under this Plan will be dependent upon employee elections.

(2) In December 2013, the Company s Board of Directors authorized the repurchase of an additional $100 million of its common stock resulting in a total remaining availability of $150 million, excluding the November 19, 2012 authorization and accelerated share repurchase. There is no expiration date for this program.

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Item 6. Selected Financial Data:

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

Calgon Carbon Corporation

(Dollars in thousands except per share data)	2014	2013	2012 (3)	2011 (5)	2010
Income Statement Data:					
Net sales	**$ 555,103**	$ 547,939	$ 562,255	$ 541,472	$ 482,341
Net income	**$ 49,370**	$ 45,713	$ 23,272	$ 39,224	$ 34,850
Net income per common share, basic	**$ 0.93**	$ 0.85	$ 0.41	$ 0.70	$ 0.62
Net income per common share, diluted	**$ 0.92**	$ 0.84	$ 0.41	$ 0.69	$ 0.61
Cash dividends declared per common share	$	$	$	$	$
Balance Sheet Data (as of year end):					
Total assets	**$ 621,661**	$ 590,078	$ 577,769	$ 552,990	$ 501,563
Long-term debt	**$ 70,448**(1)	$ 32,114(2)	$ 44,408(4)	$ 1,103(6)	$ 3,721(7)

(1) Excludes $0.8 million of debt which is classified as current. Refer to Note 9 of the consolidated financial statements in Item 8 of this Annual Report for further information.

(2) Excludes $2.2 million of debt which is classified as current. Refer to Note 9 of the consolidated financial statements in Item 8 of this Annual Report for further information.

(3) Includes $10.2 million of restructuring charges and $1.7 million of multi-employer pension charges. Refer to Notes 2 and 10 of the consolidated financial statements in Item 8 of this Annual Report for further information. Also includes a $1.7 million charge related to an agreement with the Company s former Chief Executive Officer.

(4) Excludes $19.6 million of debt which is classified as current.

(5) Includes a full year of the Calgon Carbon Japan acquisition which was not reported on a consolidated basis until March 31, 2010 and $3.3 million of net earnings related to a reversal of net uncertain tax positions. Also includes a $2.2 million, pre-tax, employee separation charge.

(6) Excludes $26.3 million of debt which is classified as current.

(7) Excludes $24.6 million of debt which is classified as current.

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Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations:

Overview

The Company reported net income of $49.4 million or $0.92 per diluted share for 2014, as compared to net income of $45.7 million or $0.84 per diluted share for 2013. Sales increased $7.2 million or 1.3% in 2014 as compared to 2013. The total negative impact of foreign currency translation on consolidated net sales was $3.2 million.

The Company achieved improvement in profitability despite a challenging sales environment in certain markets and the negative impact of a strong U.S. dollar. The Company also utilized its balance sheet to increase value by continuing an open market share repurchase program. In addition, the Company s Board of Directors approved $83.0 million for 2015 capital spending that should increase carbon production capacity and reduce costs.

Results of Operations

2014 Versus 2013

Net sales for the Activated Carbon and Service segment increased $15.9 million or 3.3% from 2013. The increase was principally due to higher sales in the Industrial Process market of $10.3 million driven by volume increases of approximately 10% which were primarily in Asia for the reactivation of industrial spent carbons in China and growth in the biogas market in Europe. In addition, higher demand and pricing in the Food market of $7.0 million for sweetener customers, largely the result of three new large orders in the Americas and Europe, and higher sales in the Potable Water market of $5.8 million mainly from significant orders for municipal drinking water treatment in Europe also contributed to the increase. Partially offsetting these increases was lower demand in the Specialty Carbon market of $6.1 million primarily related to metal recovery products in the Americas of $2.5 million as sales in 2013 did not repeat in 2014, and lower demand of respirator carbon products of $1.6 million due to a temporary slowdown in U.S. Government purchases. Also contributing to the decline was the $3.6 million negative impact of foreign currency translation.

Net sales in the Equipment segment decreased $9.6 million or 17.5% from 2013. The decrease was due to lower sales of traditional ultraviolet light systems of $5.8 million, traditional carbon adsorption equipment of $3.9 million and ion exchange systems of $0.8 million as a result of several large contracts that were completed during the prior year which more than offset new contracts. Offsetting these declines were higher sales of ballast water treatment systems of $0.9 million. Foreign currency translation effects in the Equipment segment were not significant.

Net sales in the Consumer segment increased $0.8 million or 7.9% from 2013. The increase was due to higher demand for activated carbon cloth as well as the positive impact of foreign currency translation which totaled $0.5 million for the Consumer segment.

Net sales less cost of products sold (excluding depreciation and amortization), as a percent of net sales, was 34.6% in 2014 compared to 33.0% in 2013, an increase of 1.6 percentage points. The increase was primarily in the Activated Carbon and Service segment and included the favorable impact of approximately $2.9 million in the Americas region from price increases that were instituted in March 2013 and lower coal costs of approximately $1.9 million primarily from two long-term coal contracts. The Company also benefited from a reduction in pension costs of approximately $1.3 million for its U.S. plans as a result of favorable investment performance and a higher discount rate. In addition, 2013 included adjustments that increased the estimated costs to complete for several projects in process in the Equipment segment that totaled approximately $0.5 million. Finally, the favorable impact from our cost improvement programs including increased carbon production volumes of 3.3% during 2014 contributed to margin improvement in all three regions. The Company s cost of products sold excludes depreciation and amortization; therefore it may not be comparable to that of other companies.

Depreciation and amortization increased by $1.5 million or 5.3% in 2014 as compared to 2013. The increase for the year to date period is due primarily to depreciation related to the Company s Gila Bend, Arizona facility that was placed into service in the second quarter of 2013 and for other improvements to the Company s manufacturing facilities.

Selling, general and administrative expenses increased by $3.9 million or 5.1% in 2014 as compared to 2013. The increase was principally due to costs related to an SAP re-implementation project which commenced in January 2014 aimed at improving functionality of the Company s enterprise resource planning (ERP) system of approximately $3.8 million. Also contributing to the year over year increase was a charge of $0.4 million in 2014 related to a multi-employer pension plan as compared to a benefit of $1.1 million in 2013. Partially offsetting the higher expense was lower pension costs as mentioned above of approximately $0.8 million, in spite of a $0.9 million pension settlement charge. On a segment basis, selling, general and administrative expenses for the Activated Carbon and Service segment increased approximately $5.9 million primarily as a result of the items discussed above.

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Selling, general and administrative expenses for the Equipment segment declined approximately $2.1 million largely due to employee related expenses, and the Consumer segment was comparable to 2013.

Research and development expenses increased $0.4 million or 6.1% in 2014 as compared to 2013. The increase was primarily due to higher advanced product testing costs related to mercury removal from flue gas and slightly higher employee related costs.

The Company recorded $0.3 million of restructuring income in 2014 which represents reductions in the estimated accrual and a pre-tax gain for the sale of a warehouse in Belgium. In 2013, the Company recorded $0.5 million of restructuring charges related to headcount reductions which were offset by a pre-tax gain of $0.6 million for the sale of its activated carbon manufacturing facility in Datong, China. These restructuring charges are within the Activated Carbon and Service segment. Refer to additional discussion in Note 2 of the consolidated financial statements in Item 8 of this Annual Report.

Litigation and other contingencies of $0.3 million in 2013 relate primarily to environmental expenses at the Company s Catlettsburg, Kentucky production facility. Refer to additional discussion in Note 17 of the consolidated financial statements in Item 8 of this Annual Report.

Interest income was comparable in 2014 versus 2013. Interest expense decreased $0.2 million versus the comparable 2013 period primarily due to an increase in capitalized interest and lower interest rates under the Company s borrowing arrangements. The average debt outstanding was slightly higher during 2014 as compared to 2013.

Other expense net increased $0.5 million or 40.1% in 2014 as compared to 2013. The 2013 period included a $0.3 million decline in an earn-out liability related to a 2010 acquisition that did not repeat in 2014 and $0.3 million reduction in royalty income for a UV license agreement that ended in 2013. Partially offsetting these increases was income of $0.3 million related to a government incentive in China.

The income tax provision for 2014 was $23.1 million as compared to $21.5 million in 2013. For 2014, tax expense increased approximately $1.6 million over 2013 related predominately due to an increase in pre-tax earnings of $5.3 million. In addition, the 2014 income tax provision includes a net $1.4 million benefit related to a completed Internal Revenue Service (IRS) examination and the effective settlement and release of uncertain tax positions. The 2013 income tax provision included a benefit of $1.5 million from the sale of the Company s activated carbon manufacturing facility in Datong, China which occurred in March 2013.

The effective tax rate for 2014 was 31.9% compared to 32.0% for the similar 2013 period. The 2014 effective rate was lower than the U.S. statutory rate mainly due to the mix of income throughout foreign jurisdictions which reduced the rate 2.9% and the settlement of uncertain tax position which reduced the rate 1.9%. The decrease was partially offset by state income taxes.

2013 Versus 2012

Consolidated net sales decreased $14.3 million or 2.5% in 2013 as compared to 2012. The total negative impact of foreign currency translation on consolidated net sales was $11.6 million.

Net sales for the Activated Carbon and Service segment decreased $3.5 million or 0.7% from 2012. The decrease was primarily due to a $9.3 million decline in the Environmental Air market primarily as a result of lower pricing on a single contract for powder activated carbon for mercury removal from electric generating units in the Americas region which totaled $11.7 million. Also contributing to the decline was the $11.5 million negative impact of foreign currency translation. Partially offsetting these declines was the impact of the Company s 2013 price increases, primarily in the Americas region, of $6.6 million as well as higher volume for certain activated carbon products and services in the following markets: Industrial Process of 11%, Environmental Water of 9%, and Potable Water of 7%. The increase in volume for the Industrial Process market was primarily due to higher demand in the Americas and Europe. The increase in the Environmental Water market was related to increased demand as a result of a higher level of environmental remediation projects that were primarily in the U.S. The increase in the Potable Water market was principally as a result of compliance with disinfection byproduct regulations in the U.S.

Net sales in the Equipment segment decreased $11.1 million or 16.8% from 2012. The decrease was primarily due to lower sales of ballast water treatment business of $15.5 million. The 2012 period included $12.6 million in sales for four large ballast water treatment system contracts that the Company was not able to equal in 2013 given the effects of delayed ratification of the International Maritime Organization ballast water treatment regulations and other U.S. Coast Guard and Environmental Protection Agency related issues. Also contributing to the decline was $2.9 million of lower sales of ion exchange systems due to lower demand. Partially offsetting these decreases was an increase in sales of both traditional carbon adsorption and traditional ultraviolet disinfection systems of $5.2 million and $3.3 million, respectively. The increase in sales for traditional carbon adsorption systems was due to higher

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demand from municipal drinking water customers for compliance with disinfection byproduct regulations. The increase in sales for traditional ultraviolet systems was a result of one large contract that was awarded in December of 2012 for the supply of the Company s Sentinel® systems to the Los Angeles Department of Water and Power. Foreign currency translation effects in the Equipment segment were not significant.

Net sales in the Consumer segment increased $0.3 million or 2.6% from 2012. The increase was primarily due to higher demand for activated carbon cloth. Foreign currency translation had a negative impact of $0.1 million for the Consumer segment.

Net sales less cost of products sold (excluding depreciation and amortization), as a percent of net sales, was 33.0% in 2013 compared to 30.2% in 2012, an increase of 2.8 percentage points. The increase was in the Activated Carbon and Service segment and included the benefits of several of the initiatives related to the Company s cost improvement program. The Company benefited by approximately $5.5 million from cost improvements as a result of the expansion of its Pearl River manufacturing facility. The results of the Company s ongoing product rationalization initiative, which reduced its stock keeping units (SKU s) by 45%, resulted in approximately $2.6 million of cost savings in 2013. The Company also benefited from a reduction in warehousing costs of approximately $1.0 million as a result of its world-wide effort to consolidate its storage needs. In addition to these initiatives, the impact of price increases, including $6.6 million in the Americas also contributed favorably to 2013 as did the $0.4 million settlement on an insurance claim related to Hurricane Isaac (Refer to Note 17 of the consolidated financial statements in Item 8 of this Annual Report). The 2012 period included additional costs of $3.4 million related to the Company s Pearl River facility as a result of delays in a capital project, maintenance issues, and the impact of Hurricane Isaac. The 2012 period also included a $1.7 million write-off of obsolete inventory. Higher coal and coal-related costs also negatively impacted 2012 and were the result of manufacturing costs related to trials of new and different coal types. These trials were necessitated by the termination of a coal contract with a former supplier that occurred during the second quarter of 2012. Partially offsetting the favorability in the Activated Carbon and Service segment in 2013 was an $11.7 million negative impact from pricing related to the aforementioned single contract for mercury removal effective the end of 2012. Both the Equipment and Consumer segments were comparable to 2012. The Company s cost of products sold excludes depreciation; therefore it may not be comparable to that of other companies.

Depreciation and amortization increased by $2.6 million or 9.9% in 2013 as compared to 2012. The increase was due primarily to increased depreciation related to the Company s new Gila Bend, Arizona facility that was placed into service in the second quarter of 2013 as well as for capital improvements at the Company s Pearl River virgin carbon manufacturing facility that were completed in January 2013.

Selling, general and administrative expenses decreased by $8.4 million or 9.8% in 2013 as compared to 2012. The decrease was principally due to a decline in employee related expenses of $6.1 million which includes a $2.8 million favorable impact related to a multi-employer pension plan (Refer to additional discussion in Note 10 of the consolidated financial statements in Item 8 of this Annual Report). Also contributing to the decline were decreased U.S. healthcare costs of $1.3 million resulting from favorable claims experience in 2013 and other medical benefit program modifications. Employee travel costs also declined by $1.2 million as a result of the Company s cost improvement initiatives. On a segment basis, selling, general and administrative expenses for the Activated Carbon and Service segment declined approximately $8.1 million primarily as a result of the items discussed above. Selling, general and administrative expenses for the Equipment and Consumer segments did not materially fluctuate as compared to 2012.

Research and development expenses decreased $2.0 million or 24.8% in 2013 as compared to 2012. The decrease was due to lower advanced product testing costs related to both mercury removal from flue gas and the use of activated carbon in ultra capacitors.

The Company recorded $0.5 million of restructuring charges in 2013 related to headcount reductions in the Activated Carbon and Service segment. These charges were offset by a pre-tax gain of $0.6 million for the sale of the Company s activated carbon manufacturing facility in

Datong, China. The Company recorded $10.2 million of restructuring charges in 2012 which primarily consist of $5.8 million of termination benefits related to a reduction in headcount and a $3.6 million impairment charge for the permanent closure of the Company s Datong, China activated carbon production facility (Refer to additional discussion in Note 2 of the consolidated financial statements in Item 8 of this Annual Report). These restructuring charges are within the Activated Carbon and Service segment.

Litigation and other contingencies were comparable in 2013 versus 2012.

Other expense net decreased $1.1 million or 45.0% in 2013 as compared to 2012. The decrease is primarily as a result of $0.5 million decline in an earn-out liability related to a 2010 acquisition.

The provision for income taxes for 2013 was $21.5 million as compared to $14.1 million in 2012. The effective tax rate for the year ended December 31, 2013 was 32.0% compared to 37.7% for the year ended December 31, 2012. The 2013 tax rate decreased approximately 5% from the 2012 effective tax rate primarily due to net tax benefits related to the 2013 sale of the Company s Datong,

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China facility. The 2013 tax rate was reduced 1.2% from the 2012 tax rate due to a state tax credit. Excluding the impact of the aforementioned sale, the 2013 tax rate was negatively impacted by 0.5% related to the mix of income before income tax provision throughout foreign jurisdictions as compared to 2012.

Working Capital and Liquidity

The Company has had sufficient financial resources to meet its operating requirements and to fund capital spending, share repurchases and pension plans.

Cash flows provided by operating activities were $84.3 million for the year ended December 31, 2014, as compared to $66.8 million for the year ended December 31, 2013. The $17.5 million increase was due to lower inventory levels that improved cash flows in 2014 versus 2013 by $13.2 million, higher earnings in 2014 versus 2013 of $3.9 million, as well as lower restructuring payments of $3.1 million.

The Company maintains a U.S. Credit Agreement (Credit Agreement) which provides for a senior unsecured revolving credit facility (Revolver) in an amount up to $225 million which expires on November 6, 2019. Availability under the Revolver is conditioned upon various customary conditions. The Credit Agreement also provides for senior unsecured delayed draw term loans (Delayed Draw Term Loans) in an aggregate amount up to $75 million which expires on November 6, 2020. Beginning January 1, 2016, quarterly repayments are required equal to 2.5% of the outstanding balance of the Delayed Draw Term Loans, with the remaining balance due on the November 6, 2020 expiration date. Total outstanding borrowings under the Credit Agreement increased $40.5 million in 2014. Total availability under the Credit Agreement was $231.1 million as of December 31, 2014.

Certain of the Company s domestic subsidiaries unconditionally guarantee all indebtedness and obligations related to borrowings under the Credit Agreement. The Company s obligations under the Credit Agreement are unsecured. The Credit Agreement contains customary affirmative and negative covenants for credit facilities of this type. The Company must comply with certain financial covenants including minimum interest coverage ratio and maximum leverage ratio as defined within the Credit Agreement. The Company was in compliance with all such covenants as of December 31, 2014.

Calgon Carbon Japan (CCJ) maintains a Term Loan Agreement which provides for borrowings up to 1.0 billion Japanese Yen and matures on May 10, 2017. In addition, CCJ maintains a Working Capital Loan Agreement which provides for borrowings up to 1.5 billion Japanese Yen and matures on April 2, 2015. The Company is jointly and severally liable as the guarantor of CCJ s obligations and the Company permitted CCJ to grant a security interest and continuing lien in certain of its assets, including inventory and accounts receivable, to secure its obligations under both loan agreements.

The Company maintains an Uncommitted Revolving Loan Facility Letter (Facility Letter) in China which provides for an uncommitted line of credit totaling 5 million Renminbi or $0.8 million which matures on July 19, 2015. The Company is jointly and severally liable as the guarantor under the Facility Letter.

Refer to Note 9 to the consolidated financial statements in Item 8 of this Annual Report, which is incorporated herein by reference, for further details on the Company s borrowing arrangements.

Share Repurchases

In November 2012, the Company s Board of Directors authorized an accelerated share repurchase of Company common stock under a share repurchase program (Program). On November 20, 2012, the Company paid a purchase price of $50 million and initially received 3,276,002 shares upon inception of the Program, for an average purchase price of $15.26 per share. The actual number of shares repurchased was 340,334 shares less than the number of shares previously delivered, and as a result, the Company sold back that many shares to the counterparty in the form of a private placement of unregistered securities during 2013.

In December 2013, the Company s Board of Directors approved an increase in the overall value of shares authorized for repurchase under its Program to $150 million, excluding the November 2012 accelerated share repurchase. Subsequently, the Company initiated an open market share repurchase program whereby 146,800 shares were repurchased in 2013 at an average price per share of $20.37. During 2014, the Company repurchased an additional 1,930,841shares at an average price of $20.57 per share. All of the aforementioned repurchases were funded from operating cash flows, cash on hand, and borrowings and the shares are initially held as treasury stock. During the period January 1, 2015 through January 6, 2015, the Company repurchased an additional 36,000 shares at a total cost of $0.8 million. Subsequent to these repurchases, the Company s remaining authorization to repurchase its common stock is approximately $106.5 million.

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Contractual Obligations

The Company is obligated to make future payments under various contracts such as debt agreements, lease agreements, and unconditional purchase obligations. The following table represents the significant contractual cash obligations and other commercial commitments of the Company as of December 31, 2014.

			Payments due by period		
(Dollars in thousands)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Short-term debt	$ 833	$ 833	$	$	$
Long-term debt	70,448		12,748	30,700	27,000
Interest (1)	4,063	877	1,612	1,298	276
Operating leases	47,661	6,854	10,281	6,100	24,426
Unconditional purchase obligations(2)	97,051	33,719	40,317	20,851	2,164
Total contractual cash obligations	$ 220,056	$ 42,283	$ 64,958	$ 58,949	$ 53,866

(1) *As of December 31, 2014, the weighted average effective interest rate was approximately 1.25% on the Company s total borrowings of $71.3 million. The Company s debt carries variable interest rates. The interest amounts have been estimated based on the applicable interest rate per annum as of December 31, 2014, and the outstanding debt balances as of December 31, 2014, adjusted for the future required repayments shown above.*

(2) *Primarily for the purchase of raw materials, transportation, and information systems services.*

The long-term tax payable of $1.3 million, pertaining to the tax liability related to the accounting for uncertainty in income taxes, has been excluded from the above table due to the fact that the Company is unable to determine the period in which the liability will be resolved.

The Company does not have any special-purpose entities.

The Company maintains qualified defined benefit pension plans (the Qualified Plans), which cover certain non-union and union employees in the United States and Europe. The fair value of the Company s Qualified Plan assets has stayed constant at $129.4 million as of December 31, 2014 and 2013. During 2014, the Company made lump sum payments totaling $4.4 million to certain eligible terminated vested participants who elected a lump sum payment of their respective pension benefits. The Pension Protection Act, passed into law in August 2006, prescribes a new methodology for determining the minimum amount that must be contributed to defined benefit pension plans which began in 2008. During the year ended December 31, 2014, the Company funded its Qualified Plans with $3.5 million in contributions. The Company expects that it will be required, in accordance with its funding policy, to fund the Qualified Plans with approximately $1.9 million in contributions for the year ending December 31, 2015. The Company may make additional contributions to its Qualified Plans in 2015 beyond the required funding. Additional voluntary contributions would be dependent upon, among other things, the Company s ongoing operating results and liquidity.

The Company did not declare or pay any dividends in 2014. Dividend declaration and payout are at the discretion of the Board of Directors. On February 18, 2015, the Company s Board of Directors reinstated its common stock dividend program declaring a quarterly dividend payable in

the amount of $0.05 per share on March 15, 2015 to its stockholders of record at the close of business on March 5, 2015. Future dividends will depend on the Company s earnings, cash flows, capital investment plans to pursue long-term growth opportunities, and share repurchases, if any.

Off-Balance Sheet Arrangements

The Company s off-balance sheet arrangements include the operating leases and unconditional purchase obligations disclosed above as well as letters of credit and guarantees as discussed in Note 9 to the consolidated financial statements in Item 8 of this Annual Report.

Capital Expenditures and Investments

Capital expenditures were $63.5 million, $30.3 million, and $60.7 million in 2014, 2013 and 2012, respectively. Expenditures for 2014 included $48.9 million for improvements to manufacturing facilities including approximately $38.6 million for the Company s Catlettsburg, Kentucky and Pearlington, Mississippi facilities, along with expenditures for a SAP re-implementation project of approximately $6.2 million. Expenditures for 2013 included $26.0 million for improvements to manufacturing facilities including approximately $8.6 million related to the final construction of the Gila Bend, Arizona facility. Expenditures for 2012 included $50.5 million for improvements to manufacturing facilities including approximately $13.4 million related to the construction of the Gila

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Bend, Arizona facility and $13.4 million related to the capacity expansion at the Pearlington, Mississippi facility. Capital expenditures for 2015 are currently projected to be approximately $80.0 million to $85.0 million. The aforementioned expenditures are expected to be funded by operating cash flows, cash on hand, and borrowings.

Proceeds for sales of property, plant and equipment were not significant in 2014, 2013 or 2012.

Proceeds from the sale of business were $0.6 million in 2013 related to the sale of the Company s activated carbon manufacturing facility in Datong, China. (Refer to Note 2 to the consolidated financial statements in Item 8 of this Annual Report).

The Company received $1.8 million, $1.7 million and $0.9 million in 2014, 2013 and 2012, respectively, of proceeds related to government grants in the U.S., Asia and Europe. (Refer to Note 20 to the consolidated financial statements in Item 8 of this Annual Report).

Cash and cash equivalents include $41.7 million and $27.6 million held by the Company s foreign subsidiaries as of December 31, 2014 and 2013, respectively. Generally, cash and cash equivalents held by foreign subsidiaries are not readily available for use in the United States without adverse tax consequences. The Company s principal sources of liquidity are its cash flows from its operating activities or borrowings directly from its lines of credit. The Company does not believe the level of its non-U.S. cash position will have an adverse effect on working capital needs, planned growth, repayment of maturing debt, or benefit plan funding.

The Company currently expects that cash from operating activities plus cash balances and available external financing will be sufficient to meet its cash requirements for the next twelve months. The cash needs of each of the Company s reporting segments are principally covered by the segment s operating cash flow on a standalone basis. Any additional needs will be funded by cash on hand or borrowings under the Company s Credit Agreement, Delayed Draw Term Loan, Japanese Working Capital Loan, or other credit facilities. Specifically, the Equipment and Consumer segments historically have not required extensive capital expenditures; therefore, the Company believes that operating cash flows, cash on hand and borrowings will adequately support each of the segments cash needs.

Other

The Company is involved in various legal proceedings, lawsuits and claims, including employment, product warranty and environmental matters of a nature considered normal to its business. It is the Company s policy to accrue for amounts related to these legal matters when it is probable that a liability has been incurred and the loss amount is reasonably estimable. Refer to Note 17 to the consolidated financial statements in Item 8 of this Annual Report, which is incorporated herein by reference, for further details.

Critical Accounting Policies

Management of the Company has evaluated the accounting policies used in the preparation of the financial statements and related footnotes and believes the policies to be reasonable and appropriate. The preparation of the financial statements in accordance with accounting principles generally accepted in the United States requires management to make judgments, estimates, and assumptions regarding uncertainties that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Management uses historical experience and all available information to make these judgments and estimates, and actual results will inevitably differ from those estimates and assumptions that are used to prepare the Company s financial statements at any given time. Despite these inherent limitations, management believes that Management s Discussion and Analysis (MD&A) and the financial statements and related footnotes provide a meaningful and fair perspective of the Company.

The following are the Company s critical accounting policies impacted by management s judgments, assumptions, and estimates. Management believes that the application of these policies on a consistent basis enables the Company to provide the users of the financial statements with useful and reliable information about the Company s operating results and financial condition.

Revenue Recognition

The Company recognizes revenue and related costs when goods are shipped or services are rendered to customers provided that ownership and risk of loss have passed to the customer, the price to the customer is fixed or determinable, and collection is reasonably assured. Revenue for major equipment projects is recognized under the percentage of completion method. The Company s major equipment projects generally have a long project life cycle from bid solicitation to project completion. The nature of the contracts are generally fixed price with milestone billings. The Company recognizes revenue for these projects based on the fixed sales prices

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multiplied by the percentage of completion. In applying the percentage of completion method, a project s percent complete as of any balance sheet date is computed as the ratio of total costs incurred to date divided by the total estimated costs at completion. As changes in the estimates of total costs at completion and/or estimated total losses on projects are identified, appropriate earnings adjustments are recorded during the period that the change or loss is identified. The Company has a history of making reasonably dependable estimates of costs at completion on contracts that follow the percentage of completion method; however, due to uncertainties inherent in the estimation process, it is possible that actual project costs at completion could vary from their estimates. The principal components of costs include material, direct labor, subcontracts, and allocated indirect costs. Indirect costs primarily consist of administrative labor and associated operating expenses, which are allocated to the respective projects on actual hours charged to the project utilizing a standard hourly rate.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the cost of an acquired business over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed in a business combination. Identifiable intangible assets acquired in business combinations are recorded based on their fair values at the date of acquisition. In accordance with guidance within ASC 350 Intangibles Goodwill and Other, goodwill and identifiable intangible assets with indefinite lives are not subject to amortization but must be evaluated for impairment. None of the Company s identifiable intangible assets other than goodwill have indefinite lives.

The Company has elected to perform the annual impairment test of its goodwill, as required, on December 31 of each year by initially comparing the fair value of each of the Company s reporting units to their related carrying values. The Company will also perform an impairment test between annual tests whenever events or circumstances indicate that the carrying value of a reporting unit may exceed its fair value. If the fair value of the reporting unit is less than its carrying value, the Company performs an additional step to determine the implied fair value of the goodwill. The implied fair value of goodwill is determined by first allocating the fair value of the reporting unit to all of the assets and liabilities of the unit and then computing the excess of the unit s fair value over the amounts assigned to the assets and liabilities. If the carrying value of goodwill exceeds the implied fair value of goodwill, such excess represents the amount of goodwill impairment, and the Company recognizes such impairment accordingly. Fair values are estimated using discounted cash flow and other valuation methodologies, such as the guideline public company method, that are based on projections of the amounts and timing of future revenues and cash flows, assumed discount rates and other assumptions as deemed appropriate. The Company also considers such factors as historical performance, anticipated market conditions, operating expense trends and capital expenditure requirements. Each reporting unit periodically prepares discrete operating forecasts and uses these forecasts as the basis for assumptions used in the discounted cash flow analysis and guideline public company method. The Company has consistently used a discount rate commensurate with its cost of capital which ranges from 9.5% to 15.5%, adjusted for inherent business risks within its respective reporting units and has consistently used a terminal growth factor of 3.0%. The Company also reconciles the estimated aggregate fair value of its reporting units as derived from the discounted cash flow analysis and guideline public company method to the Company s overall market capitalization. The Company has six reporting units for purposes of goodwill evaluation. These reporting units consist of (1) the Activated Carbon and Service segment which is segregated into two regional reporting units, the Americas/Asia and Europe, (2) the Equipment segment which is segregated by technology (a) traditional carbon adsorption, (b) ultraviolet light, and (c) ion exchange, and (3) the Consumer segment which includes the charcoal cloth reporting unit. The Company continually monitors its reporting units for impairment indicators and updates assumptions used in the most recent calculation of the fair value of a reporting unit as appropriate. The fair value of the Company s reporting units substantially exceeds the carrying value of its goodwill as of December 31, 2014.

The Company s identifiable intangible assets other than goodwill have finite lives. Certain of these intangible assets, such as customer relationships, are amortized using an accelerated methodology while others, such as patents, are amortized on a straight-line basis over their estimated useful lives. In addition, intangible assets with finite lives are evaluated for impairment whenever events or circumstances indicate that their carrying amount may not be recoverable, as prescribed by guidance within ASC 360, Property, Plant, and Equipment.

Pensions

The Company maintains Qualified Plans which cover certain union and non-union employees in the United States and Europe. As of December 31, 2014, all of the Qualified Plans do not allow for new employees to join the plans. In addition, two of the U.S. plans and one of the European plans do not allow for existing participants to continue to earn benefits under the plans. During 2014, the Company offered an opportunity to certain eligible terminated vested participants in two of the U.S. plans to elect a lump sum payment of their respective pension benefits which were paid in the fourth quarter of 2014. As a result, the Company incurred a settlement charge of $1.0 million in 2014 related to such elections and paid $4.4 million from plan assets.

Pension expense, which totaled $1.2 million in 2014 (including a $1.0 million settlement charge and a $0.4 million charge related to a multi-employer pension plan) and $2.5 million in 2013 (including a $1.1 million reduction in a multi-employer pension plan and a

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$0.3 million settlement charge), is calculated based upon a number of actuarial assumptions, including expected long-term rates of return on the Company s Qualified Plans assets, which range from 5.23% to 7.75%. For 2015, the expected rate of return on assets will range from 5.54% to 7.50%. In developing the expected long-term rate of return assumption, the Company evaluated input from its investment advisors, including their review of asset class return expectations as well as long-term inflation assumptions. The Company also considered historical returns on asset classes and the investment mix. The expected long-term return on the U.S. Qualified Plans assets is based on a targeted asset allocation assumption of approximately 52% with equity securities, 43% with fixed-income securities, and 5% with other investments. The European Qualified Plans assets are based on a targeted asset allocation assumption of approximately 34% with equity securities, 54% with fixed-income securities, and 12% with other investments. The Company regularly reviews its asset allocation and periodically rebalances its investments to the targeted allocation when considered appropriate. The Company will continue to evaluate its actuarial assumptions, including its expected rate of return, at least annually, and will adjust as necessary.

The discount rate that the Company utilizes for its Qualified Plans to determine pension obligations is based on a review of long-term bonds that receive one of the two highest ratings given by a recognized rating agency. The discount rate determined on this basis has decreased from a range of 3.92% to 4.88% as of December 31, 2013 to a range of 3.00% to 4.01% as of December 31, 2014 which will result in an increase in the expected 2015 benefit cost of approximately $1.0 million.

During 2014, the Society of Actuaries released a new mortality table RP-2014, and a new projection scale MP-2014. As a result of these new tables, the Company changed its mortality assumptions for its U.S. plans in 2014. The Company has adopted the new RP-2014 mortality table and a modified version of the new MP-2014 projection scale for the U.S. Qualified Plans which will result in an increase in the expected 2015 benefit cost of approximately $0.9 million.

The Company estimates that it will record pension expense for the Qualified Plans that will approximate $1.5 million in 2015. Future actual pension expense will depend on future investment performance, funding levels, changes in discount rates and various other factors related to the populations participating in its Qualified Plans.

A sensitivity analysis of the projected incremental effect of a hypothetical one percent change in the significant assumptions used in the pension calculations is provided in the following table:

	Hypothetical Rate Increase (Decrease)			
	U.S. Plans		European Plans	
(Dollars in thousands)	(1%)	1%	(1%)	1%
Discount rate				
Pension liabilities as of December 31, 2014	$ 16,874	$ (13,577)	$ 8,279	$ (6,484)
Pension costs for the year ended December 31, 2014	$ 761	$ (303)	$ 366	$ (160)
Indexation(1)				
Pension liabilities as of December 31, 2014	$	$	$ (2,055)	$ 2,254
Pension costs for the year ended December 31, 2014	$	$	$ (205)	$ 300
Expected return on plan assets				
Pension costs for the year ended December 31, 2014	$ 974	$ (974)	$ 298	$ (298)
Compensation				
Pension liabilities as of December 31, 2014	$ (1,177)	$ 1,177	$ (635)	$ 945

Pension costs for the year ended December 31, 2014	$ (180)	$ 180	$ (156)	$ 221

(1) *Pension indexation related to the Company s German Qualified Plan is regulated by German pension law. The law dictates that a pension that is already in payment must be adjusted for inflation every 3 years which is measured by the published German price index for the same time interval. Pension indexation related to the Company s UK Chemviron Plan is based on the Consumer Price Index (CPI) in the UK. For this plan, the index is capped at 5% per annum for pensions accrued prior to January 1, 2008 and is capped at 2.5% per annum for pensions accrued after December 31, 2007. For purposes of the Company s UK Sutcliffe Speakman plan, the indexation is fixed at 3% per annum for pensions accrued prior to April 6, 1997. For those pensions accrued from April 6, 1997 to July 31, 2005, the index is subject to a minimum of 3% per annum and a maximum of 5% per annum. For those pensions accrued after July 31, 2005, the index is capped at 2.5% per annum.*

Income Taxes

During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. Significant judgment is required in determining the Company s annual effective tax rate and in evaluating tax positions. The Company utilizes guidance within ASC 740 Income Taxes regarding the accounting for uncertainty in income taxes. This guidance contains a two-step approach to recognizing and measuring uncertain tax positions taken or expected to be taken in a tax return. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement.

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Although the Company believes it has adequately reserved for its uncertain tax positions, no assurance can be given that the final tax outcome of these matters will not be different. The Company adjusts these reserves in light of changing facts and circumstances, such as the closing of a tax audit, the refinement of an estimate, or a lapse of a tax statute. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate, as well as the related penalties and net interest.

The Company is subject to varying statutory tax rates in the countries where it conducts business. Fluctuations in the mix of the Company s income between countries will result in changes to the Company s overall effective tax rate.

The Company recognizes benefits associated with foreign and domestic net operating loss and credit carryforwards when the Company believes that it is more likely than not that its future taxable income in the relevant tax jurisdictions will be sufficient to enable the realization of the tax benefits. As of December 31, 2014, the Company had recorded total deferred tax assets of $37.2 million, of which $5.7 million represents tax benefits resulting from $0.2 million of unused foreign tax credits, $3.2 million of net operating losses, $1.5 million of state tax credits, and a capital loss carryover of $0.8 million. Approximately $0.3 million of the $3.2 million of operating loss carryovers will expire in 2018. State operating loss carryforwards of $0.7 million, net, expire from 2015 to 2034 of which approximately 92% will not expire before 2020.

The Company periodically reviews the need for a valuation allowance against deferred tax assets and recognizes these deferred tax assets to the extent that realization is more likely than not. Based upon a review of earnings history and trends, forecasted earnings and the relevant expiration of carryforwards, the Company believes that the valuation allowances provided are appropriate. As of December 31, 2014, the Company has recorded a valuation allowance of approximately $2.6 million related to foreign net operating losses and domestic capital loss carryovers, and a state tax credit.

Approximately 92% of the Company s deferred tax assets, or $34.1 million, represent temporary differences associated with pensions, accruals, and inventories. Approximately 85% of the Company s deferred tax liabilities of $46.6 million as of December 31, 2014 relate to property, plant and equipment. These temporary differences will reverse in the future due to the natural realization of temporary differences between annual book and tax reporting. The Company believes that the deferred tax liabilities generally will impact taxable income of the same character (ordinary income), timing, and jurisdiction as the deferred tax assets.

Litigation

The Company is involved in various asserted and unasserted legal claims. An estimate is made to accrue for a loss contingency relating to any of these legal claims if it is probable that a liability was incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Because of the subjective nature inherent in assessing the outcome of legal claims and because the potential that an adverse outcome in a legal claim could have a material impact on the Company s legal position or results of operations, such estimates are considered to be critical accounting estimates. Legal fees associated with defending these various lawsuits and claims are expensed when incurred. The Company will continue to evaluate all legal matters as additional information becomes available. Reference is made to Note 17 of the consolidated financial statements in Item 8 of this Annual Report for a discussion of litigation and contingencies.

Long-Lived Assets

The Company evaluates long-lived assets under the provisions of ASC 360 Property, Plant, and Equipment, which addresses financial accounting and reporting for the impairment of long-lived assets, and for disposal of long-lived assets. For assets to be held and used, the Company groups a long-lived asset or assets with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. An impairment loss for an asset group reduces only the carrying amounts of a long-lived asset or assets of the group being evaluated. The loss is allocated to the long-lived assets of the group on a pro-rata basis using the relative carrying amounts of those assets, except that the loss allocated to an individual long-lived asset of the group does not reduce the carrying amount of that asset below its fair value whenever that fair value is determinable without undue cost and effort. Estimates of future cash flows used to test the recoverability of a long-lived asset group include only the future cash flows that are directly associated with and that are expected to arise as a direct result of the use and eventual disposition of the asset group.

New Accounting Pronouncements

Refer to Note 1 to the consolidated financial statements in Item 8 of this Annual Report, which is incorporated herein by reference, for details on recently issued accounting guidance.

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Outlook

Activated Carbon and Service

The Company continues to estimate that for the period 2012 through 2017, the world-wide activated carbon market will increase at a compound annual growth rate of 10.8%. The Company s activated carbon and service sales volume for 2014 increased 2.5% over 2013. However, the impacts of environmental regulations are expected to lead to significant volume increases beginning in 2015, as discussed below. To meet the expected increase in activated carbon demand, the Company recently completed the expansion of its Pearl River facility by 20% - adding approximately 8 million pounds of granular activated carbon production per year. In addition, a similar project to expand one of the Company s three virgin production lines at its Big Sandy facility has commenced in the third quarter of 2014. Other sources of incremental capacity include increased utilization of the Company s activated carbon reactivation capacity in all three of its regions (Americas, Europe and Asia); operational improvements at the Company s virgin carbon manufacturing facilities due to new capital investments; a third-party plant efficiency study completed in the first half of 2014; an ongoing product rationalization project that has provided a reduction in SKU s of 45%; and, the sale of outsourced carbons. Finally, the Company continues to evaluate other opportunities for virgin activated carbon expansion including a significant expansion of one of the Company s existing facilities. Impediments to near-term growth could include an economic slowdown in any or all of the regions served and, in the future, could also include impacts from delays in environmental regulations further discussed below.

The Company believes that fair pricing for activated carbon in the United States of America is being achieved via the application of a tariff imposed on Chinese steam activated carbon. Under the anti-dumping rules, importers of steam activated carbon from China are potentially required to pay anti-dumping duties. The United States Department of Commerce (Commerce Department) conducts reviews in order to determine whether changes (increases or decreases) should be made to the anti-dumping tariff rate applicable to any foreign exporter. These retrospective reviews occur annually while the anti-dumping duty order (the order) is in effect (the current order is scheduled to expire in March 2017). The Company s most recent price increase was announced in February 2013. Because of existing contracts, outstanding bids and other factors, it typically takes approximately 12 months for the full effect of a price increase to be realized.

Raw material costs for production in 2015 are expected to decline compared to 2014. The most significant raw material cost is coal. The quantity of coal consumed varies based on the overall production levels achieved as well as the mix of products manufactured during the year. The Company expects its total cost of coal to decrease in 2015 primarily as a result of lower pricing achieved from two five-year coal contracts signed in December 2013. These contracts represent approximately 71% of the Company s current annual coal requirements. As of December 31, 2014, the Company has approximately 86% of its 2015 anticipated coal requirements under contract or in inventory.

The Company continues to make research and development expenditures primarily related to its advanced FLUEPAC® products. These products were introduced to significantly reduce the amount of powdered activated carbon (PAC) required for mercury removal from coal-fired power plant flue gas when compared to competing products. PAC is recognized today by the U.S. Environmental Protection Agency (EPA) as the leading abatement technology for mercury removal from coal-fired power plant flue gas. The current U.S. driver of sales to coal-fired power plants is state regulations. However, on December 21, 2011, the U.S. EPA issued the Mercury and Air Toxics Standards (MATS) requiring mercury and other substances to be removed from the flue gas of coal-fired power plants. The final MATS regulation was published in the Federal Register on February 16, 2012 and became effective on April 16, 2012. Compliance with MATS will generally be required three years from the effective date (April 2015). Exceptions for newly installed equipment and/or reliability critical paths could potentially delay implementation for applicable power plants up to an additional two years. As of December 31, 2014, the Company believes that approximately 20% of the units have been granted a one-year extension by at least 20 different states. On April 15, 2014, the United States of Appeals for the District of Columbia Circuit (D.C Circuit) denied petitions challenging the final MATS regulation. The Company viewed this decision as a major step towards the development of the mercury removal market in the U.S. However, the U.S. Supreme Court has decided to hear a lawsuit challenging the D.C. Circuit s opinion upholding the MATS regulation. The Company cannot predict the ruling of the U.S. Supreme Court

which is expected to be rendered in the second quarter of 2015.

In addition to MATS, the EPA has promulgated mercury removal regulations related to industrial boilers and cement manufacturers. Compliance dates for cement manufacturers and industrial boilers are currently September 9, 2015 and January 31, 2016, respectively. There are also mercury removal regulations for the flue gas of coal-fired power plants in effect for certain Canadian provinces.

The Company believes that mercury removal could become the largest U.S. market for activated carbon and has made great strides in establishing itself as a market leader. Based on standard carbon products, the Company estimates that the current annual demand for mercury removal in North America is 120 million to 150 million pounds and may grow to as much as 350 million to 550

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million pounds by 2016. The Company s advanced products for mercury removal which have carbon usage rates of 50% to 70% less than alternative products, are important to its ongoing success in this market. Market acceptance of the Company s advanced FLUEPAC® products is growing. Bidding activity with electric utilities has been active and is resulting in the receipt of significant, new orders for the Company s FLUEPAC® products. The Company currently believes approximately one-third of this market is represented by the 19 states and certain Canadian provinces that require mercury removal. The Company estimates that those utilities planning to comply with the April 2015 MATS regulation will comprise at least another one-third of the eventual mercury removal market (subject to the pending Supreme Court ruling noted above) with the remaining electric utilities complying in April 2016. In 2014, the Company s sales into this market totaled approximately $28.7 million which is estimated to be approximately a 30% share. The Company s expectation is that its ongoing share of this market will be equal to, or greater than, its current share.

Compliance with other proposed emissions regulations such as the EPA s Cross State Air Pollution Rule (CSAPR) and Carbon Pollution Standards (CPS) could significantly impact the amount of carbon utilized by electric utilities for compliance with MATS. In September 2013, the EPA released a Carbon Pollution Standards proposal for new electric generating units. The standards for new units are likely to have little impact on activated carbon usage in the future; however, the EPA proposed CPS for existing electric generating units released in June of 2014. The Company is evaluating the proposed rule, but believes that the CPS for existing units could have a negative impact on future activated carbon demand for electric generators, should generators opt to retire or repower their coal-fired electric generation units. In January of 2015, the EPA announced a delay in the release of the final new and existing source CPS until the middle of 2015. The Company believes the majority of U.S. electric utilities are awaiting further resolution of MATS, the final Carbon Pollution Standards for existing electric generating units, and a final determination as it relates to CSAPR before implementing an integrated treatment approach to more broadly address how to invest in pollution control equipment across their power plant fleet. In addition, long-term lower natural gas costs will likely also impact this market as electric generation facilities could shift production from coal to natural gas. It should also be noted that wide-spread adoption of the Company s advanced mercury removal products could also reduce the pounds of activated carbon needed for mercury removal. Adverse market conditions coupled with a strong adoption of the Company s advanced mercury removal carbons, could significantly reduce the eventual market volume opportunity to a level below the low end of aforementioned forecasted demand of 350 million to 550 million pounds of standard activated carbon. However, in that case, the Company could expect to increase its share of this market.

In addition to mercury regulations in North America, China has announced plans for mercury removal from its coal-fired power plants. The plans, as announced, stipulate levels of mercury removal that would not likely result in large activated carbon sales. However, trials will purportedly be conducted to establish removal requirements.

The need for municipal drinking water utilities to comply with the EPA s Stage 2 Disinfectants and Disinfection Byproducts Rule (the DBP Rule) is another growth driver for the Company. Disinfection Byproducts (DBPs) are compounds that form when natural occurring organic materials in drinking water sources react with the chemicals used to disinfect the water. Granular activated carbon (GAC) is recognized by the EPA as a best available control technology (BACT) for the reduction of DBPs. The EPA promulgated the DBP Rule in 2006, and requires water utilities to be in compliance with the rule in a phased manner between 2012 and 2015. Utilities can request delays up to 24 months if necessary to secure capital funding to install compliance technology. The Company estimates that through the end of 2014, over 65 million pounds of GAC have been installed by municipal water utilities across the United States for compliance with this regulation, a figure that is expected to grow to over 70 million by the end of 2015. This carbon also represents a significant opportunity for repeat sales via the Company s custom reactivation service business. Many of the utilities that have installed GAC for DBP compliance have converted to reactivated carbon and a growing number have entered into multi-year contracts with the Company for ongoing reactivation services. The Company s custom reactivation facilities in Arizona, California, New York, and Ohio have all received certification from the National Sanitation Foundation (NSF) International. This certification verifies that potable custom reactivated carbon is safe for reuse in municipal drinking water treatment applications.

In Europe, the Company was awarded a multi-year contract by a large water provider in the United Kingdom (UK). The Company will supply virgin carbon and reactivation services for up to a ten year period and plans to restart and upgrade its Tipton plant in the UK for that purpose.

The planned upgrades are estimated to require $9.5 million of capital expenditures and will be completed in stages. This plant, having a current estimated annual capacity of approximately 11 million pounds, has begun undergoing equipment modifications and a significant capacity expansion. The plant should return to operation in the spring of 2015 with the additional capacity and planned upgrades completed in late 2015.

China also announced that it will commit billions of dollars to water and wastewater improvements.

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Equipment

The Company s equipment business is somewhat cyclical in nature and depends on both regulations and the general health of the overall economy. The Company believes that U.S. demand for its ultraviolet light (UV) systems will continue, as smaller municipalities must meet implementation deadlines through 2015 for EPA regulations to treat for Cryptosporidium in drinking water. UV remains the technology of choice for controlling Cryptosporidium and Giardia under the U.S. EPA LT2 regulations.

The Company also believes that demand for its ballast water treatment systems will grow. The U.S. Coast Guard issued its ballast water treatment rule on March 23, 2012 (Coast Guard Rule). The Coast Guard Rule addresses the transportation of potentially harmful organisms through ballast water and ultimately requires U.S. Type Approval for treatment systems used in U.S. waters. Ships wishing to release ballast water into U.S. waters must operate an acceptable treatment system on all ships built after December 1, 2013; on medium ballast water capacity ships after their first dry-dock after January 1, 2014; and, on small and large ballast water capacity ships after their first dry-dock after January 1, 2016. Ship operators can seek an extension of the fore mentioned compliance dates from the Coast Guard by citing the lack of availability of U.S. Type Approved ballast water treatment systems. As of December 22, 2014, 331 such extensions have been granted to operators that otherwise would have been required to purchase ballast water treatment equipment under the Rule. The granting of these extensions despite the existence of acceptable but not yet U.S. Type Approved systems (like the Hyde GUARDIAN®) has had a dampening effect on the market. The Coast Guard Rule s discharge limits match the numerical limits proposed by the International Maritime Organization (IMO) but the Coast Guard is more prescriptive as to testing methodology than is the IMO. The only test method currently referenced in the Coast Guard Rule cannot measure the effectiveness of UV based systems like the Company s Hyde GUARDIAN® and the other best selling systems. The Coast Guard in conjunction with the EPA is considering alternate test methods used by other nations to approve UV based ballast water treatment systems. Hyde Marine and other ballast water treatment system manufacturers whose technology includes the use of ultraviolet light, routinely used in the disinfection of drinking water, are working with the Coast Guard and the EPA in an effort to clarify the criteria in the Coast Guard Rule.

There are two Independent Laboratories (IL) approved by the Coast Guard to work with manufacturers in the Type Approval process: NSF International (NSF), located in Ann Arbor, Michigan And Det Norske Veritas (DNV) AS, located in Hovik, Norway. The IL s have begun working with manufacturers on testing for US Type Approval a process that is expected to take from one to three years. In the interim, ships may discharge ballast water in U.S. ports for a period of five years if they operate a ballast water treatment system that has been designated as an Alternate Management System (AMS) by the Coast Guard. To qualify for this status, the equipment supplier must possess an international Type Approval, and must demonstrate to the Coast Guard that the equipment performs at least as well as ballast water exchange. The Company was granted AMS status for its Hyde GUARDIAN® ballast water treatment system effective April 15, 2013.

In 2004, the IMO adopted the International Convention for the Control and Management of Ships Ballast Water and Sediments (BWMC) which, like the Coast Guard Rule, addresses the transportation of potentially harmful organisms through ballast water. The regulations requiring ballast water treatment will become effective one year after 30 countries representing 35% of the world s shipping tonnage ratify the BWMC. The BWMC has now been signed by 44 countries representing 32.86% of the world s current shipping tonnage. The BWMC is expected to be phased in over a ten-year period and, coupled with the Coast Guard Rule, will require an estimated 64,000 vessels to install ballast water treatment systems. The Company believes that the total ballast water treatment market will approximate $28 billion after ratification of the BWMC.

The Hyde GUARDIAN® system, which employs filtration and ultraviolet light technology to filter and disinfect ballast water, offers cost, safety, and technological advantages. Hyde GUARDIAN® has received Type Approval from Lloyd s Register on behalf of the U.K. Maritime and Coast Guard Agency which confirms compliance with the IMO Ballast Water Management Convention. Hyde GUARDIAN® has also received Class Society Type Approval from Lloyd s Register (LR), American Bureau of Shipping (ABS), and Russian Maritime Registry of Shipping (RS). The strategic acquisition of Hyde Marine provided the Company immediate entry into a global, regulation driven market with major long-term growth potential. To date, most of the Hyde GUARDIAN® systems sold have been for new ship builds but long term, most of

Hyde s sales will be for systems retrofitted into existing ships. During 2012, 2013 and 2014, the number of new ship builds was significantly lower than in prior years and the retrofit market for ballast water equipment has been slow to ramp up owing to the delay in ratification of the IMO BWMC and the fore mentioned Coast Guard extensions. This has suppressed the number of Hyde GUARDIAN® orders received. During 2014, the Company sold 113 ballast water treatment systems. During 2013, 2012, and 2011, the Company sold 64, 68 and 82 ballast water treatment systems, respectively. Subsequent to the January 2010 acquisition of Hyde Marine, the Company has sold over 400 systems valued at approximately $82 million.

Backlog for the Equipment segment as of December 31, 2014 was $19.8 million while backlog as of December 31, 2013 was $19.4 million.

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Consumer

Sales of activated carbon cloth increased $0.8 million or 7.9% in 2014 as compared to the year ended December 31, 2013. In spite of the year over year growth, the Company believes this business will grow modestly due to increased demand in its primary markets - medical and defense.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk:

Commodity Price Risk

In the normal course of its business, the Company is exposed to market risk or price fluctuations related to the production of activated carbon products. Coal and natural gas, which are significant to the manufacturing of activated carbon, have market prices that fluctuate regularly. Based on the estimated 2015 usage and price of coal and natural gas not under contract as of January 1, 2015, a hypothetical 10% increase (or decrease) in the price of coal and natural gas, would result in the pre-tax loss (or gain) of $0.5 million and $0.4 million, respectively.

To mitigate the risk of fluctuating prices, the Company has entered into long-term contracts to hedge the purchase of a percentage of the estimated need of coal and natural gas at fixed prices. The future commitments under these long-term contracts, which provide economic hedges, are disclosed within Note 16 of the consolidated financial statements in Item 8 of this Annual Report. The fair value of the cash-flow hedges for natural gas is disclosed in Note 7 of the consolidated financial statements in Item 8 of this Annual Report.

Interest Rate Risk

The Company s net exposure to interest rate risk consists primarily of borrowings under its U.S. and Japanese borrowing arrangements described within Note 9 of the consolidated financial statements in Item 8 of this Annual Report. The Company s U.S. Credit Facility bears interest at rates that are based off of the prime rate, LIBOR, or Fed Funds rate, plus a margin rate based on the Company s leverage ratio. As of December 31, 2014, the Company had $66.7 million of borrowings under the U.S. Credit Agreement. The Company s Japanese loan agreements also bear interest at variable rates. As of December 31, 2014, the Company had $4.6 million of borrowings under the Japanese loan agreements. A hypothetical one percentage point increase in the interest rates on the December 31, 2014 outstanding balances under the Company s variable rate borrowing arrangements would cause annual interest costs to increase by $0.7 million.

Foreign Currency Exchange Risk

The Company is subject to risk of price fluctuations related to anticipated revenues and operating costs, firm commitments for capital expenditures, and existing assets and liabilities denominated in currencies other than U.S. dollars. The Company enters into foreign currency forward exchange contracts and purchases options to manage these exposures. A hypothetical 10% strengthening (or weakening) of the U.S.

dollar against the British Pound Sterling, Canadian Dollar, Mexican Peso, Brazilian Real, Chinese Yuan, Japanese Yen, Singapore Dollar, Danish Krone, Swedish Krona, and Euro as of December 31, 2014 would result in a pre-tax loss (or gain) of approximately $2.1 million. The foreign currency forward exchange contracts purchased during 2014 have been accounted for according to ASC 815 Derivatives and Hedging.

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Item 8. Financial Statements and Supplementary Data:

REPORT OF MANAGEMENT

Responsibility for Financial Statements

Management is responsible for the preparation of the financial statements included in this Annual Report. The Consolidated Financial Statements were prepared in accordance with accounting principles generally accepted in the United States of America and include amounts that are based on the best estimates and judgments of management.

Management s Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting as defined in Rules 13a-15(f) or 15d-15(f) under the Securities Exchange Act of 1934. The Company s internal control system is designed to provide reasonable assurance concerning the reliability of the financial data used in the preparation of the Company s financial statements, as well as reasonable assurance with respect to safeguarding the Company s assets from unauthorized use or disposition. However, no matter how well designed and operated, an internal control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Management conducted an evaluation of the effectiveness of the Company s internal control over financial reporting as of December 31, 2014. In making this evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control Integrated Framework* (2013). Management s evaluation included reviewing the documentation of our controls, evaluating the design effectiveness of controls, and testing their operating effectiveness. Based on this evaluation, management believes that, as of December 31, 2014, the Company s internal controls over financial reporting were effective.

The effectiveness of internal control over financial reporting as of December 31, 2014, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, who also audited our consolidated financial statements. Deloitte & Touche LLP s attestation report on the effectiveness of our internal control over financial reporting appears on the next page.

Changes in Internal Control

In the fourth quarter of 2014, there have been no changes to our internal control over financial reporting that occurred that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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INTERNAL CONTROLS REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

Calgon Carbon Corporation

Moon Township, Pennsylvania

We have audited the internal control over financial reporting of Calgon Carbon Corporation and subsidiaries (the Company) as of December 31, 2014, based on criteria established in *Internal Control Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management s Annual Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed by, or under the supervision of, the company s principal executive and principal financial officers, or persons performing similar functions, and effected by the company s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2014 of the Company and our reports dated February 26, 2015 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP
Pittsburgh, Pennsylvania
February 26, 2015

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FINANCIAL STATEMENTS REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

Calgon Carbon Corporation

Moon Township, Pennsylvania

We have audited the accompanying consolidated balance sheets of Calgon Carbon Corporation and subsidiaries (the Company) as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, shareholders equity, and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Calgon Carbon Corporation and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2015, expressed an unqualified opinion on the Company s internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
Pittsburgh, Pennsylvania
February 26, 2015

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Calgon Carbon Corporation

	Year Ended December 31		
(Dollars in thousands except per share data)	**2014**	**2013**	**2012**