

Koppers Holdings Inc.  
Form DEF 14A  
April 04, 2008  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934**

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Check the appropriate box:

.. Preliminary Proxy Statement  
.. **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
x Definitive Proxy Statement  
.. Definitive Additional Materials  
.. Soliciting Material Pursuant to § 240.14a-12

**Koppers Holdings Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Notice of 2008  
Annual Meeting  
and  
Proxy Statement  
Koppers Holdings Inc.

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April 4, 2008

Dear Fellow Shareholder:

You are cordially invited to attend the 2008 Annual Meeting of Shareholders of Koppers Holdings Inc. (Koppers). The meeting will be held at the Pittsburgh Airport Marriott, 777 Aten Road, Coraopolis, Pennsylvania on Wednesday, May 7, 2008, beginning at 10:00 a.m. Eastern Daylight Time.

The main purpose of the meeting will be the election of two directors and the ratification of the Audit Committee's selection of Ernst & Young LLP as our independent registered public accounting firm for 2008.

This booklet includes the Notice of Annual Meeting and Proxy Statement. The Proxy Statement describes the business we will conduct at the meeting and provides information about Koppers that you should consider when you vote your shares. Also enclosed is our Annual Report, which includes our consolidated financial statements for 2007.

Your vote is significant regardless of how many shares you own. It is important that you vote your shares. Whether or not you plan to attend the annual meeting, please sign, date and return the proxy form in the enclosed envelope to make sure that your shares are voted at the meeting. Voting your shares by proxy does not limit your right to be present at the meeting and vote your shares in person.

I appreciate your continued confidence in Koppers and look forward to seeing you at the meeting.

Sincerely,

Walter W. Turner

President and Chief Executive Officer

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**Date:** Wednesday, May 7, 2008

**Time:** 10:00 a.m. Eastern Daylight Time

**Place:** Pittsburgh Airport Marriott  
777 Aten Road, Coraopolis, Pennsylvania 15108

**Proposals:**

1. To elect two members of our board of directors.

2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2008. We will also transact any other business that is properly raised at the meeting or any adjournment of the meeting.

**Record Date:** You can vote if you were a shareholder of record on March 20, 2008.  
By Order of the Board of Directors

Steven R. Lacy

Senior Vice President, Administration,

General Counsel and Secretary

April 4, 2008

**YOUR VOTE IS IMPORTANT**

**Whether or not you plan to attend the meeting, please complete, date, sign and return the accompanying proxy card promptly so that we can be assured of having a quorum present at the meeting and so that your shares may be voted in accordance with your wishes.**

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**Koppers Holdings Inc.**

**436 Seventh Avenue**

**Pittsburgh, PA 15219**

**PROXY STATEMENT**

**What is the purpose of this annual meeting?**

The shareholders will act on the matters described in the Notice of Annual Meeting of Shareholders. These proposals include:

Election of two nominees to the board of directors; and

Ratification of Ernst & Young LLP as our independent registered public accounting firm for 2008.

In addition, our management will report on our performance in 2007 and will answer questions from shareholders. We will also transact any other business that is properly raised at the meeting or any adjournment of the meeting.

**Why did I receive these proxy materials?**

We are providing these proxy materials in connection with the solicitation by the board of directors of Koppers Holdings Inc., a Pennsylvania corporation, of proxies to be voted at our 2008 annual meeting of shareholders and at any adjournment of such meeting. We refer to Koppers Holdings Inc. as the company, Koppers, we, our and us.

You are invited to attend our annual meeting of shareholders on Wednesday, May 7, 2008, beginning at 10:00 a.m. Eastern Daylight Time at the Pittsburgh Airport Marriott, 777 Aten Road, Coraopolis, Pennsylvania.

Shareholders will be admitted to the annual meeting beginning at 9:30 a.m., Eastern Daylight Time. Seating will be limited.

We will begin distributing the proxy materials contained in this package on or about April 4, 2008.

**Who may vote at the annual meeting?**

If you owned shares of our common stock at the close of business on March 20, 2008, which we refer to as the record date, you may vote your shares at the meeting. You have one vote for each share that you held on the record date for each proposal. You are not permitted to accumulate your shares when you vote your shares in favor of our candidates for election as directors.

**How many shares of common stock were outstanding on the record date?**

On the record date, 20,828,051 shares of our common stock were outstanding and entitled to vote.



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### **What is the difference between holding shares as a shareholder of record and as a beneficial owner?**

If your shares are registered directly in your name with our transfer agent, Mellon Investor Services LLC, you are considered the shareholder of record with respect to those shares. We have sent the notice of annual meeting, proxy statement, proxy card and 2007 annual report directly to you.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of shares held in the street name. The notice of annual meeting, proxy statement, proxy card and 2007 annual report have been forwarded to you by your broker, bank or other holder of record who is considered the shareholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by following the instructions included in the package from the broker, bank or other holder of record.

### **How do I vote?**

You may vote your shares by proxy or in person.

**By proxy.** If you are a shareholder of record, to vote your shares by proxy, you must complete, sign and date the proxy card and return it in the prepaid envelope. If you are a shareholder of record and you return your signed proxy card but do not indicate your voting preference, the person named in the proxy card will vote the shares represented by that proxy as recommended by the board of directors. If you are a beneficial owner, you must complete, sign and date the voting instructions included in the package from your broker, bank or other record holder and return those instructions to the record holder.

**In person.** All shareholders may vote in person at the annual meeting. If you are a shareholder of record, you may vote your shares directly at the meeting by casting a ballot in person. In addition, you may also be represented by another person at the annual meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or other holder of record and present it to the inspectors of election with your ballot to be able to vote at the meeting.

Your vote is important. Please vote your shares promptly. We recommend you vote by proxy even if you plan to attend the meeting. You can always revoke your proxy before it is exercised by voting in person at the meeting.

### **How does a proxy work?**

If you complete the enclosed proxy, that means that you authorize the persons appointed as proxies to vote your shares at the annual meeting in accordance with your directions. When you vote by proxy, you should direct how your shares should be voted for each proposal. If you do not tell us how to vote your shares for any proposal, then your shares will be voted in accordance with the recommendations of our board of

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directors. Unless you tell us otherwise, the persons appointed proxies to vote at our annual meeting may vote your shares in accordance with their judgment on any other matters properly presented for action at the meeting or at any adjournment of the meeting that are not described on the proxy form.

You may receive more than one proxy or voting card depending on how you hold your shares. Shares registered in your name are generally covered by one card. If you beneficially hold shares through someone else (such as a broker, bank or other record holder), you may get voting instructions and related materials from that person asking how you want to vote.

### **What if I receive more than one proxy card?**

If you receive more than one proxy card for shares registered in your name, you have shares registered differently in more than one account. We encourage you to have all accounts registered in the same name and address whenever possible. You can do this by contacting our transfer agent, Mellon Investor Services LLC, which we refer to as Mellon Investor Services, at Newport Office Center VII, 480 Washington Boulevard, Jersey City, NJ 07310, at its toll-free number (800-589-9026) or on its website at [www.melloninvestor.com](http://www.melloninvestor.com) with the names in which all accounts are registered and the name of the account for which you wish to receive mailings.

### **What are broker non-votes?**

The New York Stock Exchange (which is the exchange on which our common shares are listed and which we refer to as the NYSE) permits brokers to vote their customers' shares on routine matters when brokers have not received voting instructions from their customers. Routine matters include the election of directors and the ratification of independent registered public accountants. Brokers may not vote their customers' shares on non-routine matters such as mergers, employee compensation plans and contested matters unless the brokers have received instructions from their customers. Non-voted shares on non-routine matters are called broker non-votes.

### **What can I do if I change my mind after I vote my shares?**

If you are a shareholder of record, you may revoke your proxy before it is exercised by:

- Written notice to our corporate secretary;
- Timely delivery of a valid, later-dated proxy; or
- Voting by ballot at the annual meeting.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your broker, bank or other holder of record. You may also vote in person at the annual meeting if you obtain a legal proxy as described previously in the answer to the question "How do I vote?" .

All shares that have been properly voted and not revoked will be voted at the annual meeting.

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### **How do I contact Koppers corporate secretary?**

You may contact our corporate secretary by sending correspondence to our principal executive offices at Koppers Holdings Inc., Attention: Corporate Secretary's Office, 436 Seventh Avenue, Suite 1550, Pittsburgh, Pennsylvania 15219.

### **Is there a list of shareholders entitled to vote at the annual meeting?**

The names of shareholders of record entitled to vote at the annual meeting will be available at the annual meeting.

### **What is a quorum?**

In order to conduct the business of the meeting, we must have a quorum. This means at least a majority of the shares eligible to vote must be represented at the meeting, either in person or by proxy. You are considered a part of the quorum if you submit a properly signed proxy card. Votes withheld, abstentions and broker non-votes will be counted in determining the presence of a quorum.

### **What are the voting requirements to elect the directors and to approve the proposal to ratify the appointment of Ernst & Young LLP?**

For the election of directors, the two nominees for election as directors receiving the highest number of votes cast will be elected. We call this plurality voting.

To be approved, the proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2008 requires a majority of votes cast on the proposal to be in favor of the appointment, assuming the presence of a quorum.

Pennsylvania law provides that abstentions, votes withheld and broker non-votes are not votes cast. Therefore, with respect to the election of directors, abstentions, votes withheld and broker non-votes do not count either for or against such election.

### **Does Koppers have a recommendation on voting?**

Yes. The board of directors recommends a vote **FOR** the election of all nominees as directors and **FOR** the ratification of Ernst & Young LLP as our independent registered public accounting firm for 2008.

### **Who counts the votes cast at the annual meeting?**

Representatives of Mellon Investor Services will tabulate the votes and act as inspectors of election at the annual meeting.

### **Who will pay for the cost of this proxy solicitation?**

We will pay the cost of soliciting proxies. We may make arrangements with brokerage houses and other custodians, nominees and fiduciaries for them to forward proxy materials to the beneficial owners of the shares they hold of record and we may

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reimburse them for doing so. Proxies may be solicited on our behalf by directors, officers or employees, for no additional compensation, in person or by telephone, electronic transmission and facsimile transmission. We have hired Mellon Investor Services, our transfer agent, to distribute and solicit proxies. We will pay Mellon Investor Services an estimated fee of \$5,000, plus its reasonable expenses, for these services.

**Will my vote be confidential?**

Shareholder voting records will be permanently kept confidential except as may be necessary to meet legal requirements.

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**PROXY ITEM 1 PROPOSAL FOR ELECTION OF DIRECTORS**

**General**

The nominees for election to the board of directors have been nominated by our nominating and corporate governance committee for election to the board of directors, and our board has approved these nominees. Each of the nominees is currently serving as a director for us.

Our board is currently comprised of eight members, divided into three classes, with each class as nearly equal in number as possible. Class I and Class II of the board each consist of three directors, and Class III of the board consists of two directors. Directors are elected for three-year terms on a staggered term basis, so that each year the term of office of one class will expire and the terms of office of the other two classes will extend for additional periods of one and two years, as applicable. Last year was our first annual meeting after our initial public offering in February 2006, which we also refer to as our IPO, and at that time, our shareholders elected an entire seven-member board of directors consisting of three classes, with the directors in Class I being elected for a one-year term with a term expiring this year, the directors in Class II being elected for a two-year term with a term expiring in 2009, and the directors in Class III being elected for a three-year term with a term expiring in 2010. At this year's annual meeting we are asking you to elect the nominees for director in Class I whose term of office will expire in 2011.

On February 1, 2008, the board increased the number of directors serving on the board from seven to eight and elected Cynthia A. Baldwin to fill the vacancy resulting from the increase. The board has nominated Cynthia A. Baldwin and Walter W. Turner for re-election as Class I directors. Robert Cizik, presently a Class I director, is retiring from our board at this year's annual meeting and will not stand for re-election. Mr. Cizik has been a director of Koppers Inc. since January 1999 and has served as the non-executive chairman of Koppers Inc. since July 1999. We extend our appreciation to Mr. Cizik for his contributions to our success. Following Mr. Cizik's retirement and until the vacancy has been filled by the board, Class I will only consist of two directors, provided both nominees are selected as directors at the annual meeting.

Each nominee in Class I who is selected as a director will hold office for three years or until the director's death, resignation, incapacity or until the director's successor shall be elected and shall qualify. Vacancies on the board of directors, including vacancies resulting from an increase in the number of directors, will be filled by a majority vote of the directors then in office, even if less than a quorum.

It is the board's policy as set forth in our corporate governance guidelines not to set a limit on the number of terms for which a director may serve. Setting term limits may prevent the contribution of directors who have been able to develop, over a period of time, increasing insight into our business and therefore provide an increasing contribution to the board. Also, management accountability may be undermined by frequent turnover of directors. Non-employee directors will not be re-nominated as a director after their 70<sup>th</sup> birthday. Our corporate governance guidelines provide that this retirement age does not apply to Mr. Sweeney. Employee directors must resign from the board upon their retirement or separation from employment with us.

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**Vote Required**

Nominees for directors will be elected by a plurality vote by the shares present (in person or by proxy) at the meeting. This means that the two directors receiving the highest number of votes cast at the annual meeting will be elected for the terms stated below.

Your proxy will be voted **FOR** the election of these nominees unless you withhold authority to vote for one or both of them. If any nominee is unable or unwilling to stand for election, your proxy authorizes us to vote for a replacement nominee if the board names one. We will only count votes **FOR** a candidate in the election of directors.

**Board Recommendation**

**With respect to the election of directors (Proxy Item 1), the board of directors recommends a vote **FOR** the election of both nominees.**

**Biographical Summaries of Nominees and Directors**

The following information relates to the two nominees for election at this year's annual meeting:

**CLASS I DIRECTORS WITH A TERM EXPIRING 2011**

Cynthia A. Baldwin

Age: 63

Ms. Baldwin became a member of our board of directors on February 1, 2008. Ms. Baldwin has been a partner at the law firm of Duane Morris LLP (law firm) since March 2008. Ms. Baldwin was a former Pennsylvania Supreme Court Justice from 2005 to 2008 and served on the Allegheny County Court of Common Pleas for sixteen years.

Walter W. Turner

Age: 61

Mr. Turner was elected president and chief executive officer in, and has been our director since, November 2004. He has been president and chief executive officer and director of Koppers Inc., our wholly-owned subsidiary, since February 1998.

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The following information relates to the continuing directors with terms expiring in 2009 and 2010.

**CONTINUING CLASS II DIRECTORS WITH A TERM EXPIRING 2009**

Christian L. Oberbeck

Age: 48

Mr. Oberbeck has been our director since November 2004 and a director of Koppers Inc. since October 1997. Mr. Oberbeck is one of the founders of Saratoga Partners (investment company) where he has been a managing director since its formation as an independent entity in September 1998. Mr. Oberbeck is currently serving as an executive officer of Saratoga Partners III, L.P. and Saratoga Partners III C.V. Mr. Oberbeck is a director of Advanced Lighting Technologies, Inc. (metal halide lighting systems and telecommunications products).

Prior to our IPO, Mr. Oberbeck was nominated as a director under the terms of our stockholders agreement, which is described in more detail under Transactions with Related Persons Stockholders Agreement. As further described below, in connection with our IPO in February 2006, the stockholders agreement was amended to delete the provisions relating to nominations to our board. The stockholders agreement expired on December 1, 2007.

Clayton A. Sweeney

Age: 76

Mr. Sweeney has been our director since November 2004 and a director of Koppers Inc. since January 1989. Mr. Sweeney has been an attorney with Schnader Harrison Segal & Lewis LLP (law firm) since 2002. Mr. Sweeney was the president and a member of Sweeney Metz Fox McGrann & Shermer L.L.C. (law firm) from 2000 to 2002.

T. Michael Young

Age: 63

Mr. Young became a member of our board of directors in May 2006. Mr. Young has been a managing partner (and executive officer) of The CapStreet Group, LLC (investment company) since July 2006. He was also the chairman of the board of Metal Supermarkets (metal distribution) from December 2005 through October 2007. Since April 2004, Mr. Young has served on the board of directors and the audit committee of Emeritus Corporation (operator of assisted living residential communities). Since March 2005, he has served on the board of directors and is chairman of the audit committee of Restoration Hardware, Inc. (specialty retailer of high quality home furnishings, hardware and related merchandise). Mr. Young was the president and CEO of Metal Supermarkets International from December 2002 to December 2005 and the chairman of the board of Transportation Components, Inc. (replacement parts for commercial trucks) from June 1998 to May 2002. Mr. Young is a certified public accountant and former partner of Arthur Andersen, LLP.

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**CONTINUING CLASS III DIRECTORS WITH A TERM EXPIRING 2010**

David M. Hillenbrand, Ph.D.

Age: 60

Dr. Hillenbrand has been our director since November 2004 and has been a director of Koppers Inc. since February 1999. In July 2005, Dr. Hillenbrand was appointed president and chief executive officer of the Carnegie Museums of Pittsburgh (non-profit museums). Dr. Hillenbrand retired from Bayer AG (chemical, healthcare, agricultural and specialty material products) in August 2003, where he was executive vice president, Bayer Polymers (global polymers). Dr. Hillenbrand previously had been president and chief executive officer of Bayer, Inc. (diverse chemicals, polymers, health-care and imaging technologies) for eight years.

James C. Stalder

Age: 67

Mr. Stalder became a member of our board of directors in November 2006. He is currently the vice chair of the audit committee and chair of the finance committee of Carnegie Mellon University (higher education). Mr. Stalder was formerly the dean of the graduate and undergraduate Schools of Business of Duquesne University (higher education) from July 2000 to June 2005. Mr. Stalder was a member of the board of directors of C-COR Incorporated (network distribution equipment) until December 2007. Mr. Stalder is a certified public accountant and the former managing partner of the Pittsburgh office of PricewaterhouseCoopers LLP (accounting firm).

**Board Meetings and Committees**

***Meetings in 2007***

During 2007, the board held six meetings. The average attendance at meetings of our board and committees of our board during 2007 was over 92 percent, and each director attended at least 75 percent of the total number of meetings of the board and committees of the board on which such director served.

Our board of directors currently has four standing committees: an audit committee, a management development and compensation committee, a nominating and corporate governance committee, and a safety, health and environmental committee. Descriptions of the audit committee, management development and compensation committee, nominating and corporate governance committee and safety, health and environmental committee are set forth below. Each of our committees operates under a charter adopted by our board of directors. The charters of our committees are available on our website at [www.koppers.com](http://www.koppers.com). You may also request a printed copy of any committee charter by writing to our corporate secretary at Koppers Holdings Inc., Attention: Corporate Secretary's Office, 436 Seventh Avenue, Suite 1550, Pittsburgh, Pennsylvania 15219.

We expect each director to attend the meetings of the board, the board committees on which the director serves and the annual meeting of shareholders. All of the members of our board at the time of our annual meeting last year, with the exception of Mr. Young, attended our annual meeting of shareholders in 2007.



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The following table shows the membership of each committee prior to February 1, 2008 and as of February 1, 2008, which is when Ms. Baldwin was elected to our Board and appointed to the audit committee.

<b>Committee</b>	<b>Members prior to</b>	<b>Members as of</b>
	<b>February 1, 2008</b>	<b>February 1, 2008</b>
Audit	James C. Stalder (Chair)	James C. Stalder (Chair)
	Clayton A. Sweeney	Cynthia A. Baldwin
	T. Michael Young	Clayton A. Sweeney
Nominating and Corporate Governance	David M. Hillenbrand (Chair)	David M. Hillenbrand (Chair)
	James C. Stalder	James C. Stalder
Management	Clayton A. Sweeney	Clayton A. Sweeney
	T. Michael Young	T. Michael Young
	T. Michael Young (Chair)	T. Michael Young (Chair)
Development and Compensation	David M. Hillenbrand	David M. Hillenbrand
Safety, Health & Environmental	James C. Stalder	James C. Stalder
Environmental	Clayton A. Sweeney (Chair)	Clayton A. Sweeney (Chair)
	Robert Cizik	Robert Cizik
	David M. Hillenbrand	David M. Hillenbrand
	Walter W. Turner	Walter W. Turner

***Independence of Committee Members***

We are subject to the NYSE corporate governance rules and certain rules of the Securities and Exchange Commission, which we also refer to as the SEC, including the rules relating to independent members on our board committees. The SEC rules set forth the independence requirements for our audit committee and require that all members of our audit committee be independent. The NYSE rules require that all of the members of our audit, nominating and corporate governance, and management development and compensation committees be independent. All of the members of our audit committee, nominating and corporate governance, and management development and compensation committees are independent as required by the SEC and the NYSE rules.

***Audit Committee***

The audit committee is required to hold at least four regularly scheduled meetings each year and held seven meetings in 2007. The board has determined that Mr. Stalder is our financial expert as such term is defined under the SEC rules.

The audit committee's responsibilities include oversight of the integrity of our financial statements, the appointment, compensation and supervision of our independent registered public accounting firm, which we also refer to as our independent auditor, review of

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the independence of our independent auditor, resolution of disagreements between our management and independent auditor and oversight of our internal audit function.

In connection with oversight of the integrity of our financial statements, the audit committee's responsibilities include:

Reviewing, prior to the audit, the scope and procedures to be utilized in the audit with the independent auditor;

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Receiving reports from the independent auditor regarding our critical accounting policies and practices;

Meeting with the independent auditor, without our management, to discuss the audit or other issues deemed relevant by the audit committee, including, but not limited to any audit problems or difficulties and management's response;

Reviewing management's assessment of the effectiveness of internal control over financial reporting, including any significant deficiencies or material weaknesses identified by management or the independent auditor;

Meeting with management and the independent auditor to review significant reporting issues and practices, including changes in or adoption of accounting principles and disclosure practices; and

Reviewing disclosures in our periodic reports filed with the SEC, including Management's Discussion and Analysis.

In connection with the appointment and supervision of our independent auditor, the audit committee's responsibilities include, among other things:

Receiving annual written communication from the independent auditor delineating all their relationships with and proposed professional services to us;

Reviewing all non-audit services proposed to be provided by the independent auditor;

Receiving and reviewing, on an annual basis, reports from the independent auditor regarding the firm's internal quality control procedures and results of most recent peer review or any inquiry or investigation by any governmental or professional authorities within the preceding five years;

Reviewing the qualifications of the lead partner of the independent auditor and making certain that the lead partner position is replaced every five years; and

Reviewing and approving, as appropriate, the compensation of the independent auditor.

The board has established, and the audit committee has reviewed, procedures for the receipt and treatment of complaints we receive concerning, among other things, accounting, internal controls or auditing matters, as well as confidential anonymous submissions by our employees regarding accounting or auditing matters. The audit committee also reviews our process for communicating these procedures to our employees.

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The audit committee has the authority to engage independent counsel or other outside advisors and experts as necessary to advise the committee in the performance of its duties.

***Management Development and Compensation Committee***

The management development and compensation committee is required to meet at least four times a year and held five meetings in 2007. The management development and compensation committee is responsible, among other things, for establishing and reviewing compensation criteria at the executive level. The committee seeks to ensure that our compensation practices are in compliance with the law and with our Code of Business Conduct and Ethics and are commensurate with the high standards of performance expected of our directors and officers.

The committee will periodically review and propose to the full board the compensation for non-employee directors. Such review must occur at least once a year. In addition, the management development and compensation committee annually reviews and makes recommendations to the board with respect to our chief executive officer's compensation. The committee also annually reviews and makes recommendations to the board with respect to the compensation structure for all other officers and key executives, including the adoption of cash-based incentive and bonus compensation plans and equity-based incentive and bonus compensation plans.

The management development and compensation committee is charged with administering our cash-based and share-based incentive and bonus compensation plans, which we refer to as incentive and bonus compensation plans. Among other things, the management development and compensation committee will determine which eligible employees receive awards under such plans, determine the types of rewards to be received and the conditions thereof, and will make any other determination or take any other action that it deems necessary or desirable to administer each incentive and bonus compensation plan and equity-based plan. From time to time, the management development and compensation committee will also review and recommend medical, retirement, insurance and other benefit packages for officers and eligible employees.

At least annually, the management development and compensation committee will make recommendations to the board regarding a succession plan, including succession in the event of an emergency or crisis, for our chief executive officer and other officers and key employees, after considering recommendations of management. The committee must also review and make recommendations to the board regarding revisions of its charter.

The management development and compensation committee has the sole power to retain and terminate consulting firms to assist it in performing its responsibilities, including the authority to approve the firm's fees and retention terms. The committee has the authority to obtain advice and assistance from internal or external legal, accounting, human resource or other advisors and to have direct access to such advisors without the presence of our management or other employees. In addition, the committee has the power to form and delegate authority to subcommittees. In accordance with its authority to retain advisors, the committee engaged Mercer Human

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Resources Consulting, which we refer to as Mercer, Towers Perrin HR Services, which we refer to as Towers Perrin, and Frederic W. Cook & Co., Inc., which we refer to as FW Cook, as outside consultants to advise the committee during 2006 and 2007. FW Cook does not advise our management, and receives no other compensation from us. Mercer and Towers Perrin also were retained by management in 2006 and 2007 and advised management on certain compensation and benefits issues. Towers Perrin and FW Cook attended certain of the committee meetings in 2007. Additional detail regarding the services performed by Mercer, Towers Perrin and FW Cook can be found beginning on page 25 under Role of Consultants.

### ***Nominating and Corporate Governance Committee***

The nominating and corporate governance committee is required to meet at least three times each year and held five meetings in 2007. The nominating and corporate governance committee's goals and responsibilities include identifying individuals qualified to serve as members of the board of directors consistent with criteria approved by the board of directors and using this criteria in its recommendation of new directors. The committee identifies candidates for the board of directors by soliciting recommendations from committee members and incumbent directors and considering recommendations from employees and shareholders. The committee also has sole authority to retain and terminate search firms, which will report directly to the committee, to assist in identifying director candidates.

Although there are no specific minimum qualifications a nominee must meet in order to be recommended for the board, the committee's charter provides that it should seek to establish a board that consists of individuals from diverse educational and professional experiences and backgrounds, that when taken as a whole, provides meaningful counsel to management. Board candidates are considered based upon various criteria, such as their broad-based business skills and experiences, prominence and reputation in their profession, a global business perspective, concern for the long-term interests of the shareholders and personal integrity, values and judgment—all in the context of an assessment of the perceived needs of the board at that point in time. In addition, directors must have significant time available to devote to board activities and to enhance their knowledge of our business. The committee reviews the membership criteria and modifies them as necessary each year.

The committee is responsible for the oversight of the evaluation of the board of directors and our management. In doing so, the nominating and corporate governance committee (i) evaluates, and reports to the board of directors, the performance and effectiveness of the board of directors as a whole and each committee of the board as a whole (including an evaluation of itself and the effectiveness of the management development and compensation committee in its process of establishing goals and objectives for, and evaluating the performance of, our chief executive officer and our other officers); (ii) reviews the performance, qualifications and other related issues concerning board members at least once every three years; (iii) reviews with our chief executive officer the succession plans relating to our officers; and (iv) reviews the functions of our officers.

The nominating and corporate governance committee charter provides that the committee will ensure that the nominees for membership on the board of directors are

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of a high caliber and are able to provide insightful, intelligent and effective guidance to our management. The committee is also committed to making sure that our governance is in full compliance with the law, reflects generally accepted principles of good corporate governance, encourages flexible and dynamic management without undue burdens and effectively manages the risks of our business and our operations. To accomplish this, the nominating and corporate governance committee developed and recommended to the board of directors a set of corporate governance guidelines.

At least once every two years, the nominating and corporate governance committee must recommend to the board appropriate changes to, the articles of incorporation, by-laws, corporate governance guidelines, the charters of the other committees of the board of directors, the Code of Business Conduct and Ethics and the Code of Ethics Applicable to Senior Officers. The nominating and corporate governance committee is charged with at least annually investigating and advising the board with respect to any violations of the Code of Ethics Applicable to Senior Officers and, to the extent involving directors or officers, the Code of Business Conduct and Ethics, including conflicts of interest between directors or officers and us, and including a review of the outside activities of directors and officers. It is the obligation of each director and officer to bring to the attention of the nominating and corporate governance committee any actual, apparent or possible conflict of interest. The nominating and corporate governance committee must keep informed as to current requirements and trends in corporate governance to ensure we are fully compliant with the law and engaging in or striving to attain corporate governance best practices .

The nominating and corporate governance committee may obtain advice and assistance from internal or external legal, accounting or other advisors, without the presence of our officers and may interview and meet with our employees without the presence of our management.

### ***Safety, Health and Environmental Committee***

Our safety, health and environmental committee has four members: Mr. Sweeney as chairman and Mr. Cizik, Mr. Turner and Dr. Hillenbrand as additional members of the committee. The safety, health and environmental committee held four meetings in 2007 and is responsible for reviewing our policies and practices that address safety, health and environmental concerns and significant legislative, regulatory and social trends and developments concerning safety, health and environmental issues. The committee reviews management practices and results to ensure that senior executive managers and operations level managers are promoting proper and government-mandated practices in the areas of safety, health and environment and that we have written procedures and audits in place to ensure proper training, safeguards and controls in these areas. The safety, health and environmental committee s charter requires the committee to meet regularly with the relevant executive officers and senior operations managers accountable for product and process safety, health and environmental programs.

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**CORPORATE GOVERNANCE MATTERS**

**Corporate Governance Guidelines**

Our board of directors has adopted corporate governance guidelines to ensure we are fully compliant with the law and engaging in corporate governance best practices and, among other things, include guidelines to assist our board in determining whether a director is independent under the NYSE rules.

Our corporate governance guidelines address matters such as the selection and composition of the board, board leadership, board composition and performance, board relationship to senior management, meeting procedures and committee matters.

A copy of our corporate governance guidelines is available on our website at [www.koppers.com](http://www.koppers.com). You may also request a printed copy by writing to our corporate secretary at Koppers Holdings Inc., Attention: Corporate Secretary's Office, 436 Seventh Avenue, Suite 1550, Pittsburgh, Pennsylvania 15219.

**Director Independence**

A majority of our board members are independent within the meaning of the NYSE rules. In accordance with the NYSE rules, on November 7, 2007, our board of directors reviewed the independence of each director and nominee for election as a director, except Ms. Baldwin (whose independence was reviewed on February 6, 2008) in accordance with our corporate governance guidelines and the NYSE rules. Based on its review, the board of directors determined that a majority of our directors have no material relationship with us (neither directly or as a partner, shareholder nor as an officer of an organization that has a relationship with us) and are independent under the independence criteria for directors established by the NYSE and in accordance with our corporate governance guidelines. Based on this evaluation, our board has determined that Ms. Baldwin, Dr. Hillenbrand, Mr. Stalder, Mr. Sweeney and Mr. Young each satisfy the independence standards. In addition, based on its evaluation, the board has determined that Mr. Cizik, Mr. Oberbeck and Mr. Turner are not independent.

In reaching this determination, the board reviewed the guidelines listed below, which are part of our corporate governance guidelines, the corporate governance rules of the NYSE and the individual circumstances of each director. In reviewing the guidelines below and the NYSE rules with respect to Mr. Sweeney, who is counsel to Schnader Harrison Segal & Lewis, LLP, which provided counsel to us during 2007 for a total of approximately \$100,000 in legal fees, the board considered our arrangement with the firm and determined that the arrangement is not material.

The following is a summary of the guidelines established by our board in our corporate governance guidelines and which are used by the board to determine the independence of each director. In general, the board will determine that a director will not be independent if, within the preceding three years:

the director was also our employee;

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an immediate family member of the director was or is employed by us as an executive officer;

the director was (but is no longer) a partner in or employed by our independent auditor and personally worked on our audit within that time;

an immediate family member of the director was (but is no longer) a partner in or employed by our independent auditor and personally worked on our audit within that time;

one of our executive officers was on the board of directors of a company which employed our director, or which employed an immediate family member of the director as an executive officer; or

the director or an immediate family member of the director received in any twelve-month period during such three-year period direct compensation from us and our consolidated subsidiaries in excess of \$100,000 other than director compensation (including committee fees) and pensions or other forms of deferred compensation.

In addition, the board will determine that a director is not independent if:

the director or the immediate family member of the director is a current partner of our independent auditor;

the director is a current employee of such independent auditor; or

the director has an immediate family member who is a current employee of such independent auditor and who participates in such independent auditor's audit or tax compliance practice.

When the board reviews the independence of its members, the board does not consider the following categorical commercial or charitable relationships to be material relationships that would impair a director's independence:

the director is a current employee of, or has an immediate family member who is a current executive officer of another company that has made payments to, or received payments from us, in any of the last three fiscal years that are less than the greater of \$1.0 million or two percent of the annual revenues of the company with which he or she is so associated;

the director is an executive officer of another company which is indebted to us, or to which we are indebted, and the total amount of either company's indebtedness to the other is less than two percent of the total consolidated assets of the company he or she serves as an executive officer; and

the director serves as an officer, director or trustee of a charitable organization, and our discretionary charitable contributions to the organization are less than two percent of that organization's total annual



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charitable receipts (excluding for this purpose our automatic matching, if any, of employee and director charitable contributions). We have not made contributions to any tax exempt organization in which any independent director serves as an executive officer within the preceding three years that total more than the greater of \$1.0 million or two percent of such tax exempt organization's consolidated gross revenues.

Each independent director is required to notify the chair of the nominating and corporate governance committee of any event, situation or condition that may affect the board's evaluation of the director's independence.

## **Executive Sessions**

Our current policy is that the roles of the chairman of the board and the chief executive officer should be separate. If the roles of the chairman of the board of directors and the chief executive officer are separate and the chairman of the board of directors is not an employee, then the chairman of the board of directors will serve as the presiding director for the executive sessions of the non-management directors and in communicating the board's annual evaluation of the chief executive officer. Currently, the chairman of the board of directors, Mr. Cizik, is not also the chief executive officer. Therefore, Mr. Cizik serves as the presiding director for meetings of the non-management directors and in communicating the board's annual evaluation of the chief executive officer.

With the pending retirement of Mr. Cizik from the board, the board expects to appoint an independent, non-employee member to replace Mr. Cizik as chairman of the board following the annual meeting.

## **Code of Ethics**

Our board of directors has adopted a Code of Business Conduct and Ethics for all directors, officers and employees and a Code of Ethics for Senior Officers. A copy of each code is available on our website at [www.koppers.com](http://www.koppers.com). You may also request a written copy at no cost by writing to our corporate secretary at Koppers Holdings Inc., Attention: Corporate Secretary's Office, 436 Seventh Avenue, Suite 1550, Pittsburgh, Pennsylvania 15219. The Code of Business Conduct and Ethics covers such matters as conflicts of interest, insider trading, misuse of confidential information, compliance with laws and protection and proper use of corporate assets. Directors are expected to comply fully with the Code of Business Conduct and Ethics and report any violations of the code, including any potential conflicts of interest, as outlined in the code. All directors must remove themselves from any discussion or decision affecting their business or personal interests.

## **Communications with the Board**

The board of directors welcomes the input and suggestions of shareholders and other interested parties. Shareholders and other interested parties wishing to contact the non-executive chairman or the non-management directors as a group may do so by sending a written communication to the attention of the non-executive chairman,

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c/o Koppers Holdings Inc., Corporate Secretary's Office, 436 Seventh Avenue, Suite 1550, Pittsburgh, Pennsylvania 15219. Issues or complaints regarding questionable accounting, internal accounting controls or auditing matters may be sent in writing to the attention of the audit committee chairman, c/o Koppers Holdings Inc., Corporate Secretary's Office, 436 Seventh Avenue, Suite 1550, Pittsburgh, Pennsylvania 15219. Our corporate secretary will forward all written communications to the director to whom it is addressed. Alternatively, you may place an anonymous, confidential, toll-free call in the United States to our Compliance Line at 800-385-4406.

**Procedure for Shareholder Nominations of Directors**

The nominating and corporate governance committee will consider nominees for director recommended by the committee, other directors, employees and shareholders and evaluate such nominees against the same criteria used to evaluate all candidates for director. Any shareholder wishing to recommend a candidate for director should submit the recommendation in writing to our corporate secretary at Koppers Holdings Inc., Attention: Corporate Secretary's Office, 436 Seventh Avenue, Suite 1550, Pittsburgh, Pennsylvania 15219. The written submission should include the name and address of the shareholder recommending the individual and proof of share ownership, as well as the individual's name and address; a description of all arrangements or understandings (if any) between the shareholder and the individual being recommended as a potential director; such information about the individual being recommended as would be required for inclusion in a proxy statement filed under then-current SEC rules; and a written indication of the individual's willingness to serve as a director of the company. The committee will consider all candidates recommended by shareholders who comply with the foregoing procedures.

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**Committee Reports to Shareholders**

***Audit Committee Report***

As set forth in the charter, our management is responsible for the preparation, presentation and integrity of our financial statements, and for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to provide reasonable assurance of compliance with accounting standards and related laws and regulations. Our internal auditors are responsible for providing reliable and timely information to the board of directors and senior management concerning the quality and effectiveness of, and the level of adherence to, our control and compliance procedures and risk management systems. The independent auditor is responsible for planning and carrying out an integrated audit of our consolidated financial statements, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board and reviewing our quarterly financial statements and annual financial statements prior to the filing of each of our quarterly reports on Form 10-Q and annual reports on Form 10-K, respectively.

In the performance of its oversight function, the audit committee has reviewed and discussed the audited financial statements for the year ended December 31, 2007, with management and with Ernst & Young LLP, our independent auditor for 2007. The audit committee has also received from our independent auditor a letter pursuant to Statement on Auditing Standards No. 114, *The Auditor's Communication With Those Charged With Governance* (successor to Statement on Auditing Standards No. 61, *Communication with Audit Committees*), as currently in effect, and has discussed the matters referred to in such letter with the independent auditor. The audit committee has received the written disclosures and the letter from the independent auditor required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, as currently in effect. Also, in the performance of its oversight function, during 2007 the audit committee received frequent reports from our manager of internal audit.

At various times the audit committee has considered whether the provision of non-audit services by the independent auditor to us is compatible with maintaining the independent auditor's independence and has discussed with Ernst & Young LLP their independence. As a result of the enactment of the Sarbanes-Oxley Act of 2002, the audit committee or its chairman (acting pursuant to delegated authority) pre-approves all new non-audit services (as defined in the Sarbanes-Oxley Act) proposed to be performed by our independent auditor.

Based upon the review and discussions described in this report, and subject to the limitations on the role and responsibilities of the audit committee referred to above and in the charter, the audit committee recommended to the board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2007, for filing with the SEC.

The audit committee of the board of directors presents the foregoing report.

James C. Stalder (Chairman)  
Cynthia A. Baldwin

Clayton A. Sweeney  
T. Michael Young

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***Management Development and Compensation Committee Report***

The management development and compensation committee has reviewed and discussed the Compensation Discussion and Analysis with our management. Based on that review and discussions, the committee has recommended to our board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

The management development and compensation committee of the board of directors presents the foregoing report.

T. Michael Young (Chairman)

David M. Hillenbrand  
James C. Stalder

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**COMMON STOCK OWNERSHIP**

**Director and Executive Officer Stock Ownership**

Set forth below is certain information with respect to the beneficial ownership of shares of our common stock as of March 20, 2008, by directors, the named executive officers, who are included in the Summary Compensation Table, and all directors and executive officers as a group. Except as otherwise indicated, sole voting power and sole investment power with respect to the shares shown in the table are held either by the individual alone or by the individual together with his or her spouse.